INWIT

Sharing connections.

ANNUAL FINANCIAL REPORT 2021

Contents

LETTER TO SHAREHOLDERS

Dear shareholders and stakeholders,

For the company, 2021 was a year of integration, consolidation and growth.
The major transformation in 2020, resulting from the merger by incorporation of Vodafone Towers, has made INWIT the largest wireless infrastructure operator in Italy, whose mission is to support TIM and Vodafone in building the new networks for the development of 5G, in addition to providing the entire market access to its infrastructure through its role as a neutral host.

The broader network of infrastructures supporting mobile connectivity, macro sites and micro distributed antenna systems, has enabled extensive geographical coverage and laid the foundations for INWIT to play a leading role in the digital transformation underway, with results that could already be seen by 2021. Our target market continues to be supported by positive structural trends, also in light of the acceleration in investments driven by the National Recovery and Resilience Plan.

Mobile data usage is growing, as is the adoption of 5G devices that will allow the increasing diffusion of innovative services, opening up new possibilities for consumers, companies and government. Broadband and ultra-broadband connections are progressively reaching more and more geographical areas and communities, creating further opportunities for INWIT to contribute to reducing the digital divide and completing the coverage in underserved areas or infrastructure.

From an industrial perspective, in 2021 INWIT invested 217 million euros to expand its infrastructure to serve mobile and fixed wireless access operators. The number of towers increased by nearly 400 reaching a total of over 23 thousand sites. Hostings of mobile and FWA clients increased substantially by more than 4,400, approaching a total of 46,000. Lastly, the network of micro indoor coverage with DASs (Distributed Antenna Systems) was further developed, with large-scale projects, reflecting the growing market interest. These results are linked to INWIT's main competitive advantage: distributed infrastructure with the best high-technology locations.

Major new projects include coverage of major indoor locations, comprising more than 30 hospitals with 5G-ready DASs, numerous industrial sites, museums, university campuses and government buildings. We are particularly proud to have implemented the first 5G coverage of a metro line, in Milan, and fitted the micro antenna systems for the Fuksas "La Nuvola" congress center, the venue used by Italy to host the G20 in Rome.

In terms of coverage for transport infrastructure, we have acquired the ownership and operation of infrastructure and equipment for around 1,000 km of road and motorway tunnels, including several of the country's main arterial roads, which will benefit from improved mobile coverage, open to all operators. Technological innovation is having a major impact on our industry. We believe that the towers of the future will be at the core of the digital ecosystem, for example through IoT sensors that can provide services including local area and weather monitoring.

In 2021, INWIT recorded improvements in earnings and financial performance. Revenue growth, compared to 2020 on a like-for-like basis, based on the inclusion of the effects of the merger with Vodafone Towers for twelve months, was 4.7%. On a quarterly basis, organic revenue growth increased significantly, from 3.4% in the first quarter to 7.3% in the October-December period, thanks to the gradual activation of the various growth drivers available to the company, new hostings on existing sites, new sites and innovative services such as DAS coverage.

As a result of our continued focus on cost containment, particularly the rental costs for the land our towers are situated on, the growth in the EBITDA after lease margin outpaced the revenue growth, resulting in an increase in the margin as a percentage of revenue from 63% in 2020 (on a like-for-like basis) to 66%. The growth in earnings resulted in strong cash generation, with recurring free cash flow of around 366 million euros, up sharply compared to 2020, enabling the financing of the above-mentioned investments and payment of dividends to shareholders in the amount of 30 eurocents per share, for a total of 287 million euros, in line with the dividend policy. We are also very pleased to have reached an agreement with the European Investment Bank, which has decided to finance our investments in digital infrastructure.

INWIT's activities are driven by a sustainable approach, focused on innovation, reducing the digital divide, and caring for the environment and people.

In 2021, we published our first Integrated Report, which helped us to generally improve our performance among the major ESG ratings: CDP Climate Change, MSCI, Sustainalytics, Refinitiv, FTSE Russel, and Glio/Gresb. During the year we also adopted the Diversity and Inclusion policy and the Energy Management and HSE policy, and implemented a smart working model founded on flexibility, a sense of responsibility and attention to people's needs.

As the first year after the merger with Vodafone Towers, 2021 marks the successful completion of the integration process and the establishment of a growth trajectory that has already produced the first positive results from an industrial, financial and sustainability perspective. On the strength of our technological assets and a business model capable of supporting positive trends in demand, we are confident that we can successfully meet the challenges of the digital transformation process, with the support of our customers, employees, suppliers, shareholders, bondholders and other stakeholders, to whom we would like to give our sincere thanks.

The Chairman	The Chief Executive Officer
Mr. Emanuele Tournon	Mr. Giovanni Ferigo

Management Report

NAME, SHARE CAPITAL AND REGISTERED OFFICE OF THE COMPANY

Name	Infrastrutture Wireless Italiane S.p.A.
Share capital	600,000,000 euros
Registered office	Via G. Negri 1, 20121 Milan
Tax Code, VAT no. and registration no. in the Register of Companies of Milan	08936640963
Website	www.inwit.it

BOARD OF DIRECTORS IN OFFICE AT DECEMBER 31, 2021

Chairman	Emanuele Tournon
CEO	Giovanni Ferigo
Directors	Giovanna Bellezza Laura Cavatorta (independent) Antonio Corda Angela Maria Cossellu (independent) Sabrina Di Bartolomeo Sonia Hernandez Rosario Mazza (independent) Agostino Nuzzolo Secondina Giulia Ravera (independent) Fabrizio Rocchio Francesco Valsecchi (independent)
Secretary to the Board	Salvatore Lo Giudice

BOARD OF STATUTORY AUDITORS IN OFFICE AT DECEMBER 31, 2021

Chairman	Stefano Sarubbi
Acting Auditors	Maria Teresa Bianchi Giuliano Foglia
Alternate Auditors	Roberto Cassader Michela Zeme

INWIT ACTIVITIES

INWIT history

Infrastrutture Wireless Italiane S.p.A. is **the largest operator in Italy in the wireless infrastructure sector**, which constructs and manages technological systems and civil structures (such as towers, pylons and poles) that host radio transmission equipment, mainly for telecommunications operators.

In pursuit of the goal of continuing to support the optimization of wireless services and driving the evolution of towers from passive infrastructure to connected, distributed and protected digital infrastructure, INWIT has expanded its offering in recent years with a series of additional services. In particular, INWIT is developing the coverage service for mobile telephony through its DAS (Distributed Antenna System) systems, which enable optimal coverage of sites with high traffic, both outdoors and indoors, which are particularly important for the technological transition underway from 4G to 5G.
As a result, INWIT is ideally positioned to support the ongoing digitalization process and serve the growing demand for connectivity.

INWIT's operations are directly linked to the birth and development of mobile telephony in Italy, at the hands of the two main operators in the sector. In fact, INWIT is the result of the merger between the wireless operations and infrastructure of Telecom Italia and Vodafone. The Company has a wealth of expertise gained over time through the construction and management of the infrastructure hosting the transmission systems of the different generations of mobile radio services that have followed one another over the years. Thanks to this evolution, which began 40 years ago, INWIT today provides its customers access to areas of strategic importance, also in relation to administrative and environmental aspects.

INWIT's history began in **March 2015** following the spin-off of Telecom Italia's "Tower" business line dedicated to the operational management, monitoring and maintenance of the group's towers and repeaters. INWIT then underwent a period of intensive organic growth, which was accompanied, in **March 2020**, by the merger with Vodafone Towers S.r.l., which significantly transformed its size and strategic profile. INWIT's infrastructure now consists of 23 thousand managed sites, spread throughout Italy, which host the transmission equipment of all the major national operators, and thousands of small cells and DAS systems.

INWIT contributes significantly to the coverage for wireless telephony services in Italy, increasing the number sites also in response to the development of new technologies, starting from 5G. All this makes it an essential infrastructure for the development of telecommunications technologies, providing widespread and extensive coverage that will also contribute substantially to overcoming the digital divide in Italy.

From 2020, five years after their first day of listing, INWIT's shares were included in the main Italian stock index, the FTSE MIB and in the STOXX® Europe 600, made up of 600 of the companies with the largest market capitalization in Europe.

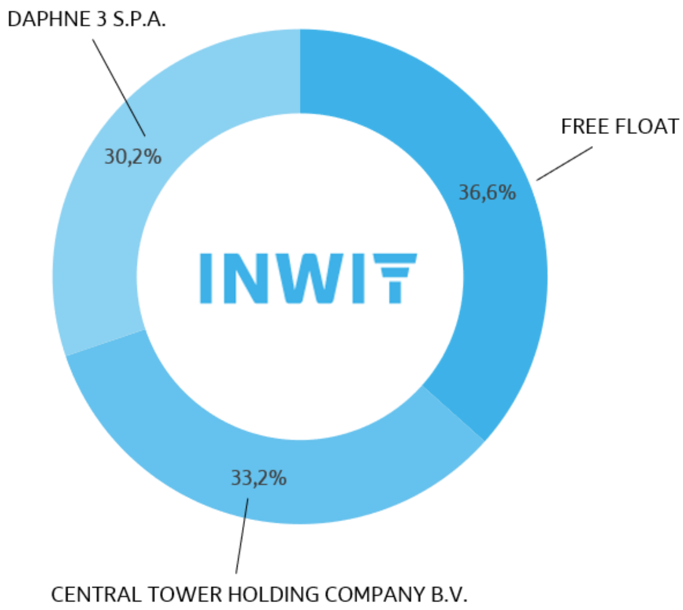
In July 2020, INWIT also successfully entered the debt capital market, issuing its inaugural Bond for 1 billion euros, which enabled the Company to optimize its financial structure by diversifying its sources of funding. The Company subsequently successfully completed its second bond issue for a total amount of 750 million euros and its third, in April 2021 for 500 million euros, which was 4.5 times oversubscribed by investors.

In addition, in August 2021, the Company signed a 250 million euro loan from the European Investment Bank (EIB) to support its investment plan, aimed at developing the Company's digital infrastructure in Italy. The loan is consistent with INWIT's Business Plan, which envisages investments in the construction of new towers for the distribution of 5G, the deployment of coverage for indoor and outdoor mobile networks such as Small Cells and DAS (Distributed Antenna Systems) and the trial of new innovative technologies in support of operators. This network infrastructure will also be available for hosting Fixed Wireless Access (FWA) equipment, to expand fixed broadband coverage in low population density areas.

The year 2021 was also marked by the acceleration of the Company's investments in coverage for transport infrastructure. In July, an agreement was reached for the ownership and management of infrastructure and equipment along approximately 1,000 km of road and motorway tunnels, with the aim of offering hosting services on several of the country's main communication routes to all operators.

Following the merger with Vodafone Towers, INWIT's shareholding structure was composed as detailed in the chart below.

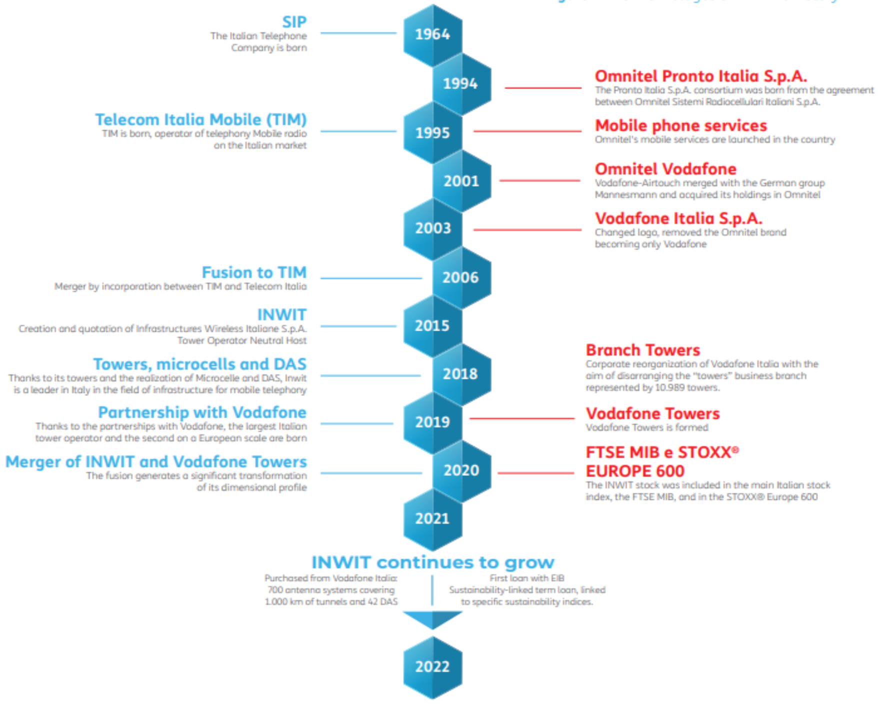
INWIT shareholder structure



Please note that Daphne 3 S.p.A. is in turn 51% controlled by TIM S.p.A. and 49% by a consortium led by Ardian, and Central Tower Holding Company B.V. is indirectly owned by Vodafone Group Plc, like VOD EU, and is therefore a subsidiary of VOD EU.
Tim and Vodafone jointly control INWIT. For more details, see the 'Information for Investors' section of this document.

Main events in INWIT's history

Figure 1 The main stages of INWIT's history



It is considered that in the near future INWIT may continue benefit from the positive market trend and the investment cycle underway, resulting from the funds that the Next Generation EU will be allocating to projects for digitalization, ecological transition, and infrastructure for sustainable mobility, culture and health, which will create numerous areas of application for wireless infrastructure.

Competitive positioning and value creation

Digitalization for Italy's growth

The market and technology are rapidly evolving in Italy, due to the development of wireless technology that is extending 5G coverage, accompanied by the associated densification requirements, which are key factors in the development of wireless infrastructure. The strong growth also continued in mobile data usage and the need to expand and complete the country's broadband connection coverage continues, with opportunities for INWIT to contribute to reducing the digital divide with the help of the FWA operators.

Added to this is Next Generation EU, a European Union instrument aimed at stimulating post-pandemic Covid-19 recovery and development. The National Recovery and Resilience Plan that Italy is preparing under the framework of Next Generation EU, devotes significant attention and substantial resources to digital innovation in Italy. These include plans to support investments for the transition to 5G and broadband coverage of remote geographical areas, which could favor the investment plans of INWIT's clients.

Digitalization, innovation and competitiveness, as well as the security of business, industry and government, will be key elements of the post-Covid society, which will not only need to be more competitive and efficient, but also more sustainable, inclusive and resilient.

Lastly, the ongoing pandemic has highlighted the importance of digital technology, accelerating Italy's process of digitalization. Today, digital technology is a necessity for companies and government in the transformation toward more agile and flexible organizational, production and service models, both private and public.

INWIT working for a more digital and sustainable Italy

Opportunities are opening up for tower operators and INWIT is ideally positioned to **play a key role in the development of digital infrastructure** to support telecommunications operators.

To this end, in November 2020, INWIT approved the update of the 2021-2023 Business Plan. The Plan calls for strong organic growth, with average annual revenue growth of 8%.

It envisages growth in hostings for TIM and Vodafone to support the efficient and fast development of 5G and continuous improvement of geographical coverage. In addition, in its role as a neutral host, INWIT can meet the demand from all the main market operators in both the mobile segment and fixed wireless access, a technology that is growing strongly.

Another pillar of the Plan is the rapid deployment of micro-coverage, particularly distributed antenna systems (DAS), which enable efficient management of mobile phone signals including in very crowded areas such as stadiums, universities, train stations or industrial facilities.

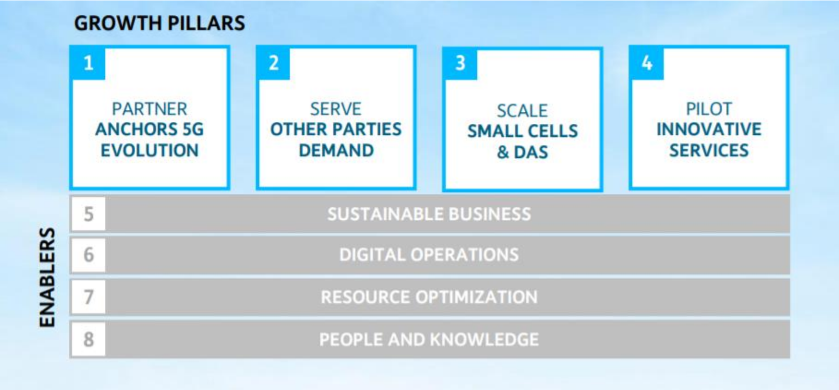
INWIT is already very active on this front and is currently using DAS to cover more than 30 large hospitals, almost all the major train stations in Italy, the Luiss and Federico II universities in Naples and many luxury hotels and industrial facilities. In addition, the Business Plan envisages the testing and development of adjacent businesses: from IoT (Internet of Things), to hosting mini data centers to be placed at the base of our towers for services that need low latency, to the world of drones.

The Business Plan envisions an evolution toward increasingly smart towers: distributed and protected digital assets that will be able to make a concrete contribution to the digital transformation of Italy's economic and social activities.

The widespread presence of INWIT towers enables the provision of advanced services also in areas where fiber-optic connectivity will arrive later, anticipating Italy's digitalization and the reduction of the digital divide.

INWIT has also presented a Sustainability Plan whose most challenging targets include achieving **Carbon Neutrality** by 2024, brought forward in 2022 from the initial target set in November 2020, which envisaged carbon neutrality by 2025, by devising a climate strategy, developing renewable energy sources, implementing energy efficiency initiatives and using green energy.

Strong and sustainable growth driven by the 4 pillars of the Business Plan



The table below outlines the main strategic pillars of the Business Plan and their impact on value creation for the Company's stakeholders.

	Strategic pillars of the Industrial plan	Value created for stakeholders
1	Strengthening partnerships, vision and opportunities for industry collaboration opportunities with anchor tenants, to increase shared value creation	**Upgrading and expanding assets in Italy**. Significant capital expenditure planned, to support the strengthening of existing facilities and the construction of new sites and Points of Presence.
2	Providing rapid and efficient services to other operators	**Reducing the Digital Divide**. Projects will be promoted aimed at enabling coverage of smaller municipalities and rural areas to reduce the digital divide. To this end, we plan to serve the strong demand for coverage from FWA operators.
3	Being a frontrunner in the development of the small cell and DAS market	**Expanding coverage of social areas.** The Company aims to develop and consolidate digital infrastructure, strengthening the coverage of areas of high social and cultural importance, such as hospitals, museums and universities.
4	Investing in innovation to support new businesses	**Digital innovation**. On the innovation front, INWIT intends to offer hosting for numerous technologies through a tower upgrade geared toward smart cities, the Internet of Things and drones.

In the current global environment, INWIT is playing a leading role in the digital transformation supporting operators in developing new infrastructure for the implementation of 5G, fixed wireless access (FWA) and micro-coverage with DAS and small cells, while also looking to future technological opportunities, and directing its choices toward sustainable models. In doing so, INWIT is helping to make Italy a more digital and sustainable country.

HIGHLIGHTS AT DECEMBER 31, 2021

In 2021, all the main economic and financial indicators showed an upward trend compared to the same period of 2020, also in view of the fact that in 2020, the changed scope of consolidation following the merger with Vodafone Towers Italia, was effective from March 30, 2020.
Also worth noting is the income and capital impact of the agreement entered into on October 21, 2021, for the acquisition of a business unit from Vodafone Italia S.p.A. (Project "Tunnel"), made up of a set of assets consisting of radioelectric systems covering approximately 1,000 km of road and freeway tunnels and DASs (Distributed Antenna Systems). Significant sections of national connections are included in terms of number, structure and need for cellular coverage in tunnels.
See "Note 4 Business Combinations" in the Individual Financial Statements at 12.31.2021 for more details.

(thousands of euros)	**1.1 - 12.31**	**1.1 - 12.31**	**Change**	
	2021	**2020**	**Amount**	**%**
	(a)	**(b)**	**c=(a-b)**	**(c/b)**
Revenues	*785,150*	*663,408*	*121,742*	*18.4*
EBITDA (1)	***714,881***	***603,781***	***111,100***	***18.4***
EBITDA Margin	*91.1%*	*91.0%*	*0.1pp*	*0.1pp*
EBIT (1)	***354,750***	***290,700***	***64,050***	***22.0***
EBIT Margin	*45.2%*	*43.8%*	*1.4pp*	*1.4pp*
Profit for the period	***191,396***	***156,667***	***34,729***	***22.2***

- revenues amounted to 785,150 thousand euros, up 18.4% compared to the same period of 2020 (663,408 thousand euros) in reported terms and up 4.6% on like-for-like basis. However, there were one-off revenues. Specifically, for 2021, these amounted to 3,272 thousand euros (relating to the indemnification under the MSA), compared to 8,115 thousand euros for the same period in 2020. Net of these items, the comparison with the same period of 2020 shows an increase of 19.3%;

- EBITDA amounted to 714,881 thousand euros, an increase of 18.4% compared to 2020 and of 4.7% on like-for-like basis. This percentage rises to 18.6% excluding the aforementioned one-off revenues, in addition to, for 2021, the non-recurring costs relating to the "Tunnel" project, totaling 2,535 thousand euros and, for 2020, the profit and loss items totaling 6,711 thousand euros relating to the merger with Vodafone Towers S.r.l.. The increase recorded was also determined by the capitalization of operating costs, mainly relating to the new ERP system and plant design for an amount of 8,879 thousand euros;

- EBIT amounted to 354,750 thousand euros with an increase of 22.0% compared to the same period in 2020 (+22.4% excluding the aforementioned one-off revenues/costs);

- the profit for the period amounted to 191,396 thousand euros, up by 22.2% compared to the same period of 2020 (22.8% instead excluding the aforementioned one-off revenues/costs). This increase was also due to the reduction in taxes for the period due to the tax benefit deriving from the tax realignment of the goodwill existing at December 31, 2019, equal to 7,132 thousand euros, as provided by Law 178/2020. For more details, see the paragraph "Income tax expense".

(thousands of euros)	**4th Quarter 2021**	**3rd Quarter 2021**	**2nd Quarter 2021**	**1st Quarter 2021**
Revenues	*203,917*	*198,119*	*192,866*	*190,248*
EBITDA	***185,128***	***180,891***	***175,875***	***172,987***
EBITDA Margin	*90.8%*	*91.3%*	*91.2%*	*90.9%*
EBIT	***92,975***	***90,803***	***87,145***	***83,827***
EBIT Margin	*45.6%*	*45.8%*	*45.2%*	*44.1%*
Profit for the period	***41,762***	***54,635***	***51,548***	***43,451***

- The analysis of the four quarters of 2021 shows continued growth in the key indicators. Revenues (+7.2%), EBITDA (+7.0%) and (EBIT +10.9%) were all up in the fourth quarter compared to the first quarter. However, the result for the period was different. The Budget Act 234/2021 redefined the terms for the entitlement to the tax benefit resulting from the realignment of existing goodwill at December 31, 2019.
  The tax-deductible annual amortization and depreciation charge fell from 78,000 thousand euros to 28,080 thousand euros, with profit and loss impact in the fourth quarter of increased tax of 12,680 thousand euros.

(thousands of euros)	**1.1 - 12.31 2021 (a)**	**1.1 – 12.31 2020 (b)**	**Change Amount c=(a-b)**	**% (c/b)**
EBITDA	***714,881***	***603,781***	***111,100***	***18.4%***
Rental expense	*(194,921)*	*(185,085)*	*(9,836)*	*5.3%*
EBITDAL	***519,960***	***418,696***	***101,264***	***24.2%***
EBITDAL Margin	*66.2%*	*63.1%*	*3.1pp*	*3.1pp*

- In 2021, EBITDAaL (*EBITDA after Leases*) grew by 24.2% compared to the corresponding period in 2020, as a result of the progress achieved in optimizing lease costs.

(thousands of euros)	1.1 - 12.31	1.1 - 12.31	Change	
Additions	2021	2020	Amount	%
	(a)	(b)	c=(a-b)	(c/b)
Capital expenditures (CAPEX)	*216,512*	*128,264*	*88,248*	*68.8*

- capital expenditure for the period totaled 216,512 thousand euros, an increase of 68.8% compared to the same period of 2020. It also includes 67,613 thousand euros relating to Project "Tunnel". Other investments worth noting include: new sites, surface use rights and extraordinary maintenance.

(thousands of euros)	1.1 - 12.31	1.1 - 12.31	Change
Net Financial Position	2021	2020	Amount
	(a)	(b)	c=(a-b)
cash and equivalents	*96,320*	*120,207*	*(23,887)*
financial receivables	*271*	*208*	*63*
non-current financial receivables	*1,362*	*1,495*	*(133)*
financial payables (short-term)	*(131,390)*	*(13,027)*	*(118,363)*
financial payables (medium/long-term)	*(785,951)*	*(1,030,200)*	*244,249*
financial payables - IFRS16	*(982,310)*	*(1,051,657)*	*69,347*
bonds issued	*(2,251,420)*	*(1,738,736)*	*(512,684)*
Net Financial Position	***(4,053,118)***	***(3,711,710)***	***(341,408)***
Net Financial Position IFRS16	***(3,070,808)***	***(2,660,053)***	***(410,755)***
EBITDA	***714,881***	***603,781***	***111,100***
Net Financial Position/EBITDA	***5.7***	***6.1***	***(0.4)p***

- Net Financial Debt amounted to 4.05 billion euros, including the IFRS 16 financial liabilities. Compared to December 2020 (3.71 billion euros), net financial debt increased by 9.2 percentage points, but leverage fell by 0.4 percentage points as a result of the 18.4% increase in EBITDA.

(thousands of euros)	**1.1 - 12.31**	**1.1 - 12.31**	**Change**	
Recurring Free Cash Flow	**2021**	**2020**	**Amount**	**%**
	(a)	**(b)**	**c=(a-b)**	**(c/b)**
EBITDA	*714,881*	*603,781*	*111,100*	*18.4*
(revenues)/non-recurring costs	*(737)*	*(1,400)*	*663*	*(47.3)*
EBITDA recurring	*714,144*	*602,381*	*111,763*	*18.6*
recurring investments	*(17,404)*	*(16,829)*	*(575)*	*3.4*
taxes paid	*(110,160)*	*(93,288)*	*(16,872)*	*18.1*
change in net working capital	*27,099*	*(3,288)*	*30,387*	*(924.2)*
lease payments	*(201,890)*	*(196,700)*	*(5,190)*	*2.6*
recurring financial expenses	*(45,310)*	*(20,514)*	*(24,796)*	*120.9*
Recurring Free Cash Flow	***366,479***	***271,762***	***94,717***	***34.9***

- The recurring free cash flow increased by 34.9% compared to the same period of the previous year. This result was attributable to both the growth in recurring EBITDA (+18.6%) and the collection of receivables in the last part of the year, with a positive effect on the change in net working capital.

Key Operational KPIs

The table below shows the effects of new hosting agreements at December 31, 2021:

(amounts stated in thousands)		*12.31.2021*
Number of sites (*)	*(a)*	*22.8*
Number of hostings in place with Tenants (**)	*(b)*	*46.0*
Number of hostings in place with Tenants, excluding TIM and Vodafone Anchor Tenants (***)	*(c)*	*10.2*
Average number of Tenants per Site (Tenancy ratio)	*(b)/(a)*	*2.01*

(*) Operational sites net of sites under construction.
(**) Excluding Sites in which the hosting service ceased during the period. Including IoT contracts.
(***) Number of hostings on the same Site. Please note that each Tenant refers to one hosting per Site only.

As shown in the above table, at December 31, 2021, the average number of operators per site in the new Company scope after the merger, was 2.01x.

In terms of operational KPIs, in 2021 INWIT:

- continued to develop new hostings, amounting to around 4.4 thousand;

- expanded its network of macro sites by around 400 units;
- expanded its multi-operator micro coverage network in areas with the highest user and traffic concentration, implementing approximately 1.2 thousand remote units;
- become more efficient by pursuing its plan to renegotiate leases and the land acquisition plan.

As a result, INWIT has an extensive and integrated infrastructure of around 23 thousand towers with almost 46 thousand hostings, constituting the macro grid, and in excess of 5.2 thousand small cells and DAS units, the micro grid, serving TIM and Vodafone in the creation of the new network for the deployment of 5G, in addition to providing the entire market access to its infrastructure.

INWIT's technology also supports the development of innovative solutions such as smart cities, Industry 4.0 and indoor coverage in large centers, leading the evolution of towers from passive infrastructure to drivers of digital growth in the 5G ecosystem, which will enable the towers to host IoT equipment, sensors, distributed computing capacity and drones.

INCOME, BALANCE SHEET AND FINANCIAL PERFORMANCE AT DECEMBER 31, 2021

INWIT voluntarily prepares and publishes the Interim Financial Reports for the first and third quarters of each financial year.

The Annual Financial Report at December 31, 2021 includes the Management Report and the Individual Financial Statements at December 31, 2021, prepared in compliance with the IFRS accounting standard issued by the IASB and implemented by the EU; The Individual Financial Statements at December 31, 2021 are not subject to audit.

Lastly, please note that the chapter “Business outlook for the year 2022” contains forward-looking statements related to the Company’s intentions, beliefs, or current expectations regarding the financial performance and other aspects of the Company’s operations and strategies. Readers of this document are cautioned not to place undue reliance on these forward-looking statements as the actual results may differ materially from those contained in those forward-looking statements as a result of a number of factors, most of which are not within the Company’s control.

OPERATING PERFORMANCE IN THE PERIOD

(thousands of euros)	1.1 - 12.31 2021 (a)	1.1 - 12.31 2020 (b)	Change Amount c=(a-b)	% (c/b)
Revenues	**785,150**	**663,408**	**121,742**	**18.4**
Costs for lease of premises	(3,139)	(2,336)	(803)	34.4
Employee benefits expenses - Ordinary expenses	(18,422)	(18,177)	(245)	1.3
Maintenance and other operating and service expenses	(48,708)	(39,114)	(9,594)	24.5
Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	**714,881**	**603,781**	**111,100**	**18.4**
Depreciation and amortization, losses on disposals and impairment losses on non-current assets	(360,131)	(313,081)	(47,050)	15.0
Operating profit (loss) (EBIT)	**354,750**	**290,700**	**64,050**	**22.0**
Financial income/(expenses)	(90,082)	(69,759)	(20,323)	29.1
Profit (loss) before tax	**264,668**	**220,941**	**43,727**	**19.8**
Income taxes	(73,272)	(64,274)	(8,998)	14.0
Profit for the period	**191,396**	**156,667**	**34,729**	**22.2**

The structure of revenues and costs of the Company is largely determined by medium-term and long-term contracts, entered into as client or provider, under established financial terms and conditions. The main income statement items in 2021 are analyzed below.

Revenues

These totaled 785,150 thousand euros (663,408 thousand euros in the corresponding period of 2020, +18.4%) and included revenues deriving from the service contract with TIM S.p.A. and Vodafone Italia S.p.A. (Master Service Agreement), from third-party customers on the transferred towers and the revenues from hosting on new sites and of new services.

Items which by their nature are non-linear or non-recurring ("one-off") are reported, relating to indemnification under the MSA, totaling 3,272 thousand euros. There were also revenues of the same type in 2020, amounting to 8,115 thousand euros, which were also related to the indemnification under the MSA and other non-recurring items.

Net of those one-off revenues, the comparison with 2020 showed a 19.3% growth.

In detail:

(thousands of euros)	**1.1 - 12.31 2021 (a)**	**1.1 - 12.31 2020 (b)**	**Change Amount c=(a-b)**	**% (c/b)**
Revenues from TIM S.p.A. relating to the Master Service Agreement	333,731	310,040	23,691	7.6
Revenues from Vodafone Italia S.p.A relating to the Master Service Agreement	331,589	244,390	87,199	35.7
One-off revenues	3,272	8,115	(4,843)	(59.7)
Revenues from third-party customers on the transferred towers and other revenues	96,331	88,048	8,283	9.4
Revenues from hosting on new sites and of new services.	20,227	12,815	7,412	57.8
Total	**785,150**	**663,408**	**121,742**	**18.4**

EBITDA

EBITDA amounted to 714,881 thousand euros, with an EBITDA margin of 91.1% on revenues for the period (91.0% in the corresponding period of 2020). Compared to 2020, the increase was 18.4%, which rises to 18.6% when excluding the aforementioned one-off revenues/costs from the comparison.

EBITDA was particularly impacted by the change in the line items analyzed below:

- **Costs for lease of premises**

  These amount to 3,139 thousand euros, up 803 thousand euros compared to the same period in 2020 (equal to 2,336 thousand euros). They represent 4.5% of the cost items with an impact on EBITDA. The increase compared with the previous year is due to the presence of one-off recoveries of previous lease payments totaling 2,079 thousand euros.
  These consist of areas owned by third parties on which the Sites are situated. These are mainly the costs whose conditions are not covered by IFRS 16.

- **Employee benefits expenses - Ordinary expenses**

  The item amounted to 18,422 thousand euros (compared to 18,177 thousand euros in December 2020). The change was determined by an increase, from the strengthening of the organizational structure which includes 246 staff members as of December 31, 2021 and a decrease, from the capitalization of the social workforce for an amount equal to 4,755 thousand euros.

- **Maintenance and other operating and service expenses**

  The item amounted to 48,708 thousand euros (39,114 thousand euros at December 2020). Maintenance costs are regulated mostly by maintenance agreements entered into with specialized external companies. The change, net of the one-off costs of 2,535 thousand euros relating to the "Tunnel" project, was also determined by the capitalization of body rental and external costs, both related to the design of plants and the new ERP system, for an amount of 4,124 thousand euros.

Depreciation and amortization, losses on disposals and impairment losses on non-current assets

Details are as follows:

(thousands of euros)	1.1 - 12.31 2021 (a)	1.1 - 12.31 2020 (b)	Change Amount c=(a-b)	Change % (c/b)
Amortization of intangible assets with a finite useful life	*104,815*	*76,949*	*27,866*	*36.2*
Depreciation of owned tangible assets	*71,581*	*58,313*	*13,268*	*22.8*
Amortization of right-of-use assets	*178,830*	*178,580*	*250*	*0.1*
(Gains)/losses on disposals and impairment losses on non-current assets	*4,905*	*(761)*	*5,666*	*n.r.*
Total	***360,131***	***313,081***	***47,050***	***15.0***

The intangible assets included amortization charge relating to the allocation of 811,200 thousand euros due to the customer contract amounting to 101,400 thousand euros.
With regard to the "Tunnel Project", effective from November 1, 2021, the related amortization and depreciation expense amounted to:

- 170 thousand euros for intangible assets
- 297 thousand euros for tangible assets
- 30 thousand euros for right-of-use assets

EBIT

EBIT amounted to 354,750 thousand euros, with an EBIT ratio of 45.2% on revenues (43.8% in the same period of 2020).

Net financial income/(expense)

This amounted to an expense of 90,082 thousand euros.
Income totaled 8 thousand euros and consisted of interest income on bank and postal deposits.

Financial expenses amounted to (90,090) thousand euros and were broken down as follows:

(thousands of euros)	**1.1 - 12.31** ***2021***	**1.1 - 12.31** ***2020***
Interest to banks	***9,814***	*19,806*
Interest expense for finance leases	***24,719***	*24,874*
Interest expenses and other expenses for corporate bonds	***39,080***	*11,955*
Discounting charges (ARO fund and severance indemnity fund)	***4,156***	*4,544*
Financial liabilities fees	***12,306***	*8,580*
Other financial expenses	***15***	*19*
Total	***90,090***	***69,778***

- **Interest expense with banks** refers to the interest paid during the period under the syndicated and bilateral loan agreements described in Note 13 - Financial liabilities (non-current and current).

- **Interest expense for finance leases** refers to leases accounted for pursuant to IFRS 16, which came into force on January 1, 2019. The average applicable rate was 2.18%.

- **Interest expense on bonds** refers to the financial expenses for bond issues. Three tranches were issued: the first on July 1, 2020 for a total amount of 1 billion euros, the second on October 13, 2020 for 750 million euros and the last on April 19, 2021 for 500 million euros. The bonds, which are listed on the regulated Luxembourg Stock Exchange, have the following characteristics:

	1st tranche	2nd tranche	3rd tranche
▪ Maturity:	July 8, 2026	October 21, 2028	April 21, 2031
▪ Coupon:	1.875%	1.625%	1.75%
▪ Issue price:	99.809%	99.755%	99.059%

- **Financial fees** mainly refer to fees deriving from the signing of the 1 billion euros Term Loan, part of the 3 billion euros loan agreement entered into in 2019 to finance the purchase transaction of Vodafone Towers S.r.l., released to the income statement as a result the early termination of the loan.

- **Other finance expenses** refer mainly to the adjustment of the provision for restoration costs (4,141 thousand euros).

Income taxes

The income tax expense amounted to 73,272 thousand euros. Income tax expenses determined the estimated tax charge on the basis of theoretical rates of 24.0% for IRES and 4.5% for IRAP.
It should be noted that the taxes for the period make use of a tax benefit of 7,132 thousand euros relating to the realignment, provided for by Law 178/2020, of the tax value to the statutory value of the intangible assets recorded in the financial statements at 12.31.2019. These items include goodwill, recorded in the financial statements in 2015, resulting from the transfer of the business unit by TIM in 2015.

The realigned amount amounts to 1,404,000 thousand euros, paying a substitute tax of 42,120 thousand euros, equal to 3% of the realigned amount, to be paid in 3 annual installments (the first was paid on June 30, 2021, the following will mature on June 30, 2022 and June 30, 2023).

Amortization of realigned assets is already tax deductible from the year in which the first installment of the tax was paid, i.e. from 01.01.2021, and follow the deductibility provided for by Ministerial Decree 12/31/1988, for which goodwill will be tax deducted over 50 years (the previous period of 18 years was changed in the 2022 Budget Act approved on October 28, 2021).
With regard to the accounting representation of the transaction in question, the company has applied the treatment that provides for the substitute tax recorded as an advance on current taxes: a tax asset is recognized in the balance sheet against the payment of the substitute tax, in the year the redemption option is exercised.

In subsequent years, part of this tax asset will be amortized in correspondence with the tax deduction of the amortization of the freed goodwill, thus recording a net tax benefit annually in the income statement, equal to the difference between the current ordinary tax rate and the tax rate of prepaid substitute tax, multiplied by the amortization charge deducted from the accounts.

Therefore, 42,120 thousand euros was recorded under receivables and will be charged to the profit and loss account over the 50 year amortization period.

Profit for the period

The profit for the period was positive for 191,396 thousand euros, or 24.4% of revenues.

FINANCIAL POSITION AND CASH FLOWS PERFORMANCE

EQUITY

At December 31, 2021, equity amounted to 4,483,515 thousand euros, broken down as follows:

(thousands of euros)	***1.1 - 12.31 2021***	***1.1 - 12.31 2020***
Share capital issued	*600,000*	*600,000*
Minus treasury shares	*(72)*	*(37)*
Share capital	*599,928*	*599,963*
Share premium reserve	*2,211,001*	*3,691,703*
Other reserves	*1,481,179*	*119,576*
Legal reserve	*120,000*	*120,000*
Provision for instruments representing equity	*588*	*267*
Treasury share reserve in excess of nominal value	*(607)*	*(302)*
Locked-up Reserve under Law 178/2020	*1,361,880*	*-*
Other reserves	*(683)*	*(389)*
Retained earnings (losses) including earnings (losses) for the period	*191,407*	*169,239*
Total	***4,483,515***	***4,580,481***

The change in equity is mainly attributable to the result for the year, as well as the distribution of dividends resolved upon the approval of the 2020 financial statements. A reclassification of 1,361,880 euros was also made from the Share Premium Reserve to the locked-up Reserve under Law 178/2020 following the tax realignment mentioned in the previous paragraph.

NON-CURRENT ASSETS

Goodwill

This item amounted to 6,146,766 thousand euros (compared to 6,112,784 thousand euros at December 31, 2020).

The change in goodwill amounting to 33,982 thousand euros related to the acquisition of the Vodafone Italia S.p.A. business unit ("Tunnel" project). Goodwill was recorded in the individual financial statements on the effective date of the acquisition of the business unit pursuant to IFRS 3 (Business Combinations). For more details, see the Note 4 of the individual financial statements.

The value was determined by considering the difference between the price of the consideration paid (67,613 thousand euros) and the total carrying amounts of the physical assets transferred (4,788 thousand euros) and the fair value of the assets and liabilities acquired (28,843 thousand euros).
In summary:

(thousands of euros)

Value at 12.31.2020	**6,112,784**
Consideration for the acquisition of the Vodafone Italia S.p.A. business unit Project “Tunnel”	67,613
Carrying amounts of the physical assets at the acquisition date	(4,788)
Fair value measurement of the assets and liabilities of the business unit acquired	(28,843)
Value at 12.31.2021	**6,146,766**

INWIT also resolved to realign the goodwill recognized in the 2015 financial statements arising from the contribution of the business unit by TIM in 2015. Indeed, Law 178/2020 provides for the realignment of the tax value to the statutory value of intangible fixed assets recorded in the financial statements at 12.31.2019.

In realigned totaled **1,404,000** thousand euros and entailed the calculation of a substitute tax of **42,120** thousand euros, equal to 3% of the realigned amount, to be paid in 3 annual installments (the first was paid on June 30, 2021, the following will mature on June 30, 2022 and June 30, 2023).

On June 30, 2021 INWIT also provided for the realignment of the goodwill recorded in the financial statements in 2020 resulting from the acquisition of Vodafone Towers S.r.l.
The realigned amount amounts to **2,000,000** thousand euros and resulted in a tax charge of **320,000** thousand euros, or 16% of the amount.
The amounts paid have been recorded under receivables as they will be released in line with tax amortization (42.12 million euros over 50 years starting in 2021, 320 million euros over 5 years starting in 2022).

Other intangible assets

These totaled 693,303 thousand euros (762,463 thousand euros at the end of 2020).

This amount is mainly comprised of the fair value of the contracts with the customers of the former Vodafone Towers S.r.l. (customer contracts) totaling 633,750 thousand euros at December 31, 2021. It also includes costs related to company labor, body rental and external services (related to plant design and the new ERP system) capitalized in the amount of 800 thousand euros.

For Project "Tunnel", the fair value of intangible assets amounted to 16,331, whilst amortization charge, relating solely to November and December, amounted to 170 thousand euros.

Capital expenditure for the period came to 24,721 thousand euros. It mainly referred to IT Solutions projects.

(thousands of euros)	**Intangible assets**
Value at 12.31.2020	**762,463**
Additions	24,721
Project “Tunnel”	16,331
Amortization and depreciation	(104,815)
Capitalization of labor costs on projects	800
Other changes during the period	(6,196)
Value at 12.31.2021	**693,303**

Tangible assets

The item amounted to 876,106 thousand euros (compared to 811,657 thousand euros at December 31, 2020).

Capital expenditure for the period came to 103,606 thousand euros. It mainly related to new sites/commitments, the construction of small cell systems and DASs and extraordinary maintenance.

The costs for company labor, body rental and external services were capitalized for a total of 6,667 thousand euros.

For Project "Tunnel", the fair value of tangible assets was 18,073 thousand euros, of which 14,420 thousand euros as the value of the physical assets and 3,653 thousand euros for the assets of the ARO Fund.

(thousands of euros)	**Tangible assets**
Value at 31.12.2020	**811.657**
Additions	103.606
Project “Tunnel”	18.073
Disposals	(2.255)
Amortization and depreciation	(71.581)
Capitalization of labor costs on projects	6.667
Other changes during the period	9.939
Value at 31.12.2021	**876.106**

Right-of-use assets

These amounted to 1,077,771 thousand euros (compared to 1,140,401 thousand euros at 12.31.2020).

Capital expenditure for the period came to 9,452 thousand euros and mainly consisted of the purchase of new surface use rights.

For the “Tunnel” project, the fair value of the rights of use amounted to 14,509 thousand euros, of which 11,629 thousand euros as the value of lease agreements pursuant to IFRS 16 and 2,880 thousand euros relating to the fair value of the rights of use transferred (back to back).

(thousands of euros)	**Right of use assets**
Value at 12.31.2020	**1,140,401**
Lease increases	157,759
Lease increases due to Project “Tunnel”	11,629
Additions	9,452
Project “Tunnel”	2,880
Amortization and depreciation	(178,831)
Disposals	(65,666)
Other changes during the period	147
Value at 12.31.2021	**1,077,771**

CAPITAL EXPENDITURE

Capital expenditure in 2021 totaled 216,512 thousand euros, including the “Tunnel” Project. They mainly refer to the purchase of land, land use rights, extraordinary maintenance, development of small cells, implementation of backhauling and construction of new infrastructures, intellectual works, equipment, capitalization of fees for the renegotiation of lease agreements during 2021 and company labor.

Other non-current assets

These amounted to 297,867 thousand euros (compared to 1,926 thousand euros at 12.31.2020). They consist of "Other non-current financial assets" and "Miscellaneous receivables and other non-current assets".

Other non-current financial assets

These amounted to 1,362 thousand euros and consisted of medium/long-term receivables due from employees and medium/long-term prepaid expenses:

(thousands of euros)	**Other non-current financial assets**
Value at 12.31.2020	**1,495**
Increase	215
Decrease	(52)
Change in prepaid expenses	(251)
Other changes during the period	(45)
Value at 12.31.2021	**1,362**

Miscellaneous receivables and other non-current assets

These amounted to 296,505 thousand euros and consisted mainly of medium/long-term receivables for the redemption of goodwill deriving from both the transfer of the Tim business unit and the purchase of Vodafone Towers S.r.l described in the previous chapters:

(thousands of euros)	**Miscellaneous receivables and other non-current assets**
Value at 12.31.2020	**431**
Increase	296,435
Change in prepaid expenses	(361)
Value at 12.31.2021	**296,505**

FINANCIAL RESOURCES AND CASH FLOWS

Net financial debt

The table below shows a summary of the net financial debt at December 31, 2021, calculated in accordance with paragraph 127 of the recommendations contained in ESMA document No. 319 of 2013, implementing Regulation (EC) 809/2004.

The table also includes the reconciliation of net financial debt calculated according to the criteria established by ESMA and those used by INWIT to monitor its own financial position.

(thousands of euros)	***1.1 - 12.31*** **2021** **(a)**	***1.1 - 12.31*** **2020** **(b)**	**Change** **c=(a-b)**
a) Cash	-	-	-
b) Other cash equivalents	*96,320*	*120,207*	*(23,887)*
c) Securities held for trading	-	-	-
d) Liquidity (a+b+c)	***96,320***	***120,207***	***(23,887)***
e) Current financial receivables	*271*	*208*	*63*
f) Current financial payables	-	-	-
g) Current portion of financial payables (medium/long-term)	*(282,745)*	*(171,670)*	*(111,075)*
of which:			
- Financial payables within 12 months	*(131,390)*	*(1,530)*	*(129,860)*
- Financial lease liabilities within 12 months	*(151,355)*	*(158,643)*	*7,288*
h) Bonds issued	*(17,833)*	*(11,497)*	*(6,336)*
i) Other current financial payables	-	-	-
i) Current financial debt (f+g+h)	***(300,578)***	***(171,670)***	***(128,908)***
j) Net current financial debt (i+e+d)	***(203,987)***	***(51,255)***	***(152,732)***
k) Financial payables (medium/long-term)	*(1,616,906)*	*(1,923,214)*	*306,308*
of which:			
- Financial payables over 12 months	*(785,951)*	*(1,030,200)*	*244,249*
- Financial lease liabilities over 12 months	*(830,955)*	*(893,014)*	*62,059*
l) Bonds issued	*(2,233,587)*	*(1,738,736)*	*(494,851)*
m) Other non-current financial payables	-	-	-
n) Non-current financial debt (k+l+m)	***(3,850,493)***	***(3,661,950)***	***(188,543)***
o) Net financial debt as recommended by ESMA (j+n)	***(4,054,480)***	***(3,713,205)***	***(341,275)***
Other financial receivables and non-current financial assets (*)	*1,362*	*1,495*	*(133)*
INWIT net financial debt	***(4,053,118)***	***(3,711,710)***	***(341,408)***
Finance lease liabilities expiring within 12 months	*(151,355)*	*(158,643)*	*7,288*
Finance lease liabilities expiring over 12 months	*(830,955)*	*(893,014)*	*62,059*
INWIT net financial debt excluding IFRS16	***(3,070,808)***	***(2,660,053)***	***(410,755)***

(*) This item refers to loans granted to certain employees of the company on the indicated dates.

The main items of ESMA net financial debt are described below:

Other cash and cash equivalents

At December 31, 2021, this item amounted to 96,320 thousand euros.

Cash is held in bank and postal current accounts and bank deposit accounts with the following characteristics:

- maturities: investments can be converted into cash within three months in the case of bank deposit accounts, and at any time in the case of cash held in current accounts;
- counterparty risk: loans were made with leading investment grade banking institutions (96,317 thousand euros). There are also 3 thousand euros in checks and cash in hand;
- Country risk: investments were made in Italy, Luxembourg and the UK.

Financial debt (current and non-current)

Financial liabilities (non-current and current) (gross financial debt) were broken down as follows:

(thousands of euros)		12.31.2020	Changes in the period	12.31.2021
Financial payables (medium/long-term):				
Amounts due to banks		*1,030,200*	*(244,249)*	*785,951*
Bond - amount at medium/long-term		*1,738,736*	*494,851*	*2,233,587*
Leasing liabilities		*893,014*	*(62,059)*	*830,955*
Total non-current financial liabilities	**(a)**	**3,661,950**	**188,543**	**3,850,493**
Financial payables (short-term):				
Amounts due to banks		*1,530*	*129,860*	*131,390*
Bond - amount at short term		*11,497*	*6,336*	*17,833*
Leasing liabilities		*158,643*	*(7,288)*	*151,355*
Total current financial liabilities	**(b)**	**171,670**	**128,908**	**300,578**
Total current financial liabilities (gross financial debt)	**(a+b)**	**3,833,620**	**317,451**	**4,151,071**

Financial payables (medium/long-term) includes:

- **Amounts due to banks**: mainly refer to the following loans net of related accruals and deferrals:
  - term load from Banca Popolare di Sondrio for a nominal amount of 40,000 thousand euros with bullet repayment at maturity (December 2023);
  - a pool of national and international banks for the ESG KPI-linked term loan for a nominal amount of 500,000 thousand euros with bullet repayment at maturity (April 2025);
  - a loan with a nominal value of 250,000 thousand euros from the European Investment Bank with amortizing repayment beginning in February 2026 and maturing in August 2033;

- **Corporate Bonds**: refers to the bond:

- issued in July 2020 with a nominal value of 1,000,000 thousand euros maturing on July 8, 2026, coupon 1.875%, issue price 99.809%;
- issued in October 2020 with a nominal value of 750,000 thousand euros maturing October 21, 2028, coupon 1.625%, issue price 99.755%;
- issued in April 2021 with a nominal value of 500,000 thousand euros maturing April 19, 2031, coupon 1.75%, issue price 99.059%.

- **Finance lease liabilities** refer to leases.

Financial payables (short-term) include:

- **Amounts due to banks** mainly refer to the draw down of the uncommitted bank lines by 130,000 thousand euros.

- **Corporate Bonds** refer to the accrued portions of the coupons of the Bonds.

- **Finance lease liabilities** and refer to leases.

The company's creditworthiness is rated Investment Grade BBB- with stable outlook by Fitch Ratings, and BB+ with stable outlook by Standard and Poor's.

CASH FLOWS

The table below summarizes the main transactions that had an impact on the change in net financial debt during the period:

(thousands of euros)	***1.1 - 12.31* 2021 (a)**	***1.1 - 12.31* 2020 (b)**	**Change c=(a-b)**
EBITDA	***714,881***	***603,781***	***111,100***
Write-off of capital contributions in income statement	-	-	-
Capital expenditures on an accrual basis (*)	*(216,512)*	*(118,640)*	*(97,872)*
EBITDA - Capex	***498,369***	***485,141***	***13,228***
Change in net operating working capital:	*78,739*	*71,631*	*7,108*
Change in trade receivables	*38,102*	*76,344*	*(38,242)*
Change in trade payables (**)	*40,637*	*(4,713)*	*45,350*
Other changes in operating receivables/payables	*4,868*	*(7,740)*	*12,608*
Change in provisions for employee benefits	*251*	*(624)*	*875*
Change in operating provisions and Other changes	*(21)*	*(176)*	*155*
Operating free cash flow	***582,206***	***548,232***	***33,974***
% on EBITDA	***81.4%***	***90.8%***	***(9.4pp)***
Capex in other non-current assets	-	*(2,140,000)*	*2,140,000*
Flow from financial income and charges	*(90,082)*	*(69,759)*	*(20,323)*
Income taxes paid	*(110,160)*	*(93,288)*	*(16,872)*
Treasury shares acquired	*(340)*	*(532)*	*192*
Dividend payments	*(286,783)*	*(696,720)*	*409,937*
Leasing liabilities	*(69,347)*	*27,751*	*(97,098)*
Impact of Vodafone Towers merger	-	*(423,764)*	*423,764*
Changes miscellaneous non-operating receivables/payables	*(337,810)*	-	*(337,810)*
Other non-monetary changes	*(28,262)*	*(158,991)*	*130,729*
Other changes	*(697)*	*6,245*	*(6,942)*
Reduction/(Increase) in ESMA net financial debt	***(341,275)***	***(3,000,826)***	***2,659,551***

(*) Net of considerations received for transfer of assets.
(**) Includes the change in trade payables for amounts due to fixed asset suppliers.

In addition to what has already been detailed with reference to EBITDA, financial debt for 2021 was affected by the following items:

Capital expenditure

Capital expenditure in the reporting period amounted to 216,512 thousand euros, and related to the purchase of software, land, and surface use rights, the development of new Sites, and the extraordinary maintenance and development of smart cells and backhauling links.

For more details see Notes 6, 7 and 8 of the Individual Financial Statements at December 31, 2021.

Change in net operating working capital

The change in working capital was positive at 78,739 thousand euros.

Financial income and expenses

The net flow of finance income and expenses accounted for during the year is equal to (90,082) thousand euros. Lastly, it should be noted that the financial expenses on the payable for financial leases (IFRS 16) amounted to 24,717 thousand euros.

Changes miscellaneous non-operating receivables/payables

The amount of 337,810 thousand euros mainly derives from the redemption of the following goodwill:

- 320,000 thousand euros for the purchase of Vodafone Towers S.r.l., which took place on March 30, 2020;
- 14,000 thousand euros for the transfer of the business unit of Tim S.p.A., which took place in 2015.

Recurring Free Cash Flow

The recurring free cash flow in 2021 – calculated net of both non-recurring revenues/costs (at EBITDA level) – stood at 366,479 thousand euros, up 34.9% compared to the same period of 2020.

The following table provides a description of the items involved:

(thousands of euros) **Recurring Free Cash Flow**	**1.1 - 12.31 2021 (a)**	**1.1 - 12.31 2020 (b)**	**Change Amount c=(a-b)**	**% (c/b)**
EBITDA	***714,881***	***603,781***	***111,100***	***18***
(revenues)/non-recurring costs	*(737)*	*(1,400)*	*663*	*(47.4)*
EBITDA recurring	***714,144***	***602,381***	***111,763***	***19***
recurring investments	*(17,404)*	*(16,829)*	*(575)*	*3.4*
Recurring EBITDA net of investments	***696,740***	***585,552***	***111,188***	***19***
taxes paid	*(110,160)*	*(93,288)*	*(16,872)*	*18.1*
change in net working capital (*)	*27,099*	*(3,288)*	*30,387*	*(924.2)*
lease payments	*(201,890)*	*(196,700)*	*(5,190)*	*2.6*
recurring financial expenses	*(45,310)*	*(20,514)*	*(24,796)*	*120.9*
Recurring Free Cash Flow	***366,479***	***271,762***	***94,717***	***34.9***

(*): excluding the change in payables for assets

Breakdown of the items analyzed (in thousands of euros):

Non-recurring costs/(revenues)

These consist of:

- Revenues indemnification under MSA (3,272)
- Costs non-recurring expenses of Project "Tunnel" (stamp duty, legal and technical advice) 2,535

Recurring investments

These consist of extraordinary maintenance performed on infrastructure in operation.

Taxes paid

These include the IRES and IRAP tax prepayments and final payments for 2021 and the tax consolidation for 2020.

Change in net working capital

Primarily driven by an improvement in collections of trade receivables compared to the previous year.

Lease payments

These consist of payments made in 2021 for lease fees.

Recurring financial expenses

These consist of payments made in 2021 for commissions and bank interest expense.

DETAILED TABLES

INWIT's Financial Report at December 31, 2021 was drafted in accordance with Article 154–ter (Financial Reports) of Italian Legislative Decree no. 58/1998 (Consolidated Finance Act) and subsequent amendments and additions, and prepared in accordance with the international accounting principles issued by the International Accounting Standards Board and approved by the European Union (defined as the "IFRS") and with the measures adopted in implementation of Section 9 of Italian Legislative Decree no. 38/2005.

The Financial Report at December 31, 2021, comprises:

- the Management Report
- the Individual Financial Statements of Infrastrutture Wireless Italiane S.p.A. at December 31, 2021
- Certification of INWIT's Financial Statements at December 31, 2021 pursuant to Article 81-ter of Consob Regulation 11971 dated May 14, 1999, and subsequent amendments and additions

In addition to the conventional financial performance measures established by IFRS, INWIT uses certain alternative performance measures are presented for the purpose of a better understanding of the trend of operations and of the Company's financial situation. In particular, the alternative performance indicators refer to: EBITDA, EBIT, net financial debt, INWIT's net financial debt, and Operating Free Cash Flow.

The chapter "Business outlook for the year 2022" contains forward-looking statements related to the management's intentions, beliefs, or current expectations regarding the financial performance and other aspects of the Company's operations and strategies.

Readers of this Report are reminded not to place undue reliance on forward-looking statements, in that actual results may differ significantly from forecasts owing to numerous factors, the majority of which are beyond the Company's control.

Separate income statement

(euros)	Financial Year 2021	*of which related parties*	Financial Year 2020	*of which related parties*
Revenues	785,149,790	685,687,000	663,407,600	588,742,000
Acquisition of goods and services - Ordinary expenses	(44,190,760)	(6,678,000)	(33,459,618)	(14,658,000)
Acquisition of goods and services - Charges associated with extraordinary transactions	(506,351)		(6,711,309)	
Employee benefits expenses	(18,421,840)	(1,953,000)	(18,176,946)	(2,061,000)
Other operating expenses - Ordinary expenses	(5,121,221)	(1,325,000)	(1,278,532)	
Other operating expenses - Charges associated with extraordinary transactions	(2,028,390)	(2,028,000)	-	
Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	714,881,228		603,781,194	
Amortization, gains/losses on disposals and impairment losses on non-current assets	(360,131,609)		(313,081,410)	
Operating profit (loss) (EBIT)	354,749,619		290,699,784	
Financial income	8,370		19,313	
Financial expenses	(90,090,513)	(3,773,000)	(69,778,556)	(2,572,000)
Profit (loss) before tax	264,667,476		220,940,540	
Income taxes	(73,271,800)		(64,273,773)	
Profit for the period	191,395,676		156,666,767	
Basic and Diluted Earnings Per Share	0.199		0.180	

Pursuant to IAS 1 (*Presentation of Financial Statements*), the Statement of Comprehensive Income, which includes the Profit (Loss) for the period, as per the Separate Income Statement.

(euros)		Financial Year 2021	Financial Year 2020
Profit for the period	(a)	191,395,676	156,666,767
Other items of the Statement of Comprehensive Income			
Other items that will not subsequently be reclassified in the Separate Income Statement		-	-
Remeasurements of employee defined benefit plans (IAS 19):			
Actuarial gains (losses)		(219,000)	(176,441)
Net fiscal impact		52,560	42,346
Total other items that will not subsequently be reclassified in the Separate Income Statement	(b)	(166,440)	(134,095)
Other items that will subsequently be reclassified in the Separate Income Statement		-	-
Total other items that will subsequently be reclassified in the separate income statement	(c)	-	-
Total other items of the Statement of Comprehensive Income	(d=b+c)	(166,440)	(134,095)
Total Comprehensive income for the period	(e=a+d)	191,229,236	156,532,672

Items of the consolidated statement of financial position

Assets

(euros)	12.31.2021	*of which related parties*	12.31.2020	*of which related parties*
Assets				
Non-current assets				
Intangible assets				
Goodwill	6,146,766,060		6,112,784,010	
Intangible assets with a finite useful life	693,303,140		762,463,054	
Tangible assets				
Property, plant and equipment	876,105,303		811,657,334	
Right-of-use assets	1,077,771,013		1,140,401,201	
Other non-current assets				
Non-current financial assets	1,361,645		1,495,011	
Miscellaneous receivables and other non-current assets	296,505,375		431,313	
Total Non-current assets	9,091,812,536		8,829,231,923	
Current assets				
Trade and miscellaneous receivables and other current assets	173,441,583	7,188,000	135,780,077	27,926,000
Financial receivables and other current financial assets	270,975		208,211	
Cash and cash equivalents	96,320,094		120,207,049	
Total Current assets	270,032,652		256,195,337	
Total Assets	9,361,845,188		9,085,427,260	

Equity and Liabilities

(euros)	12.31.2021	*of which related parties*	12.31.2020	*of which related parties*
Equity				
Share capital issued	600,000,000		600,000,000	
Minus: treasury shares	(72,173)		(36,550)	
Share capital	599,927,827		599,963,450	
Share premium reserve	2,211,001,411		3,691,703,016	
Legal reserve	120,000,000		120,000,000	
Other reserves	1,361,178,693		(423,568)	
Retained earnings (losses) including earnings (losses) for the period	191,406,641		169,238,395	
Total Equity	4,483,514,572		4,580,481,293	
Liabilities				
Non-current liabilities				
Employee benefits	2,909,257		2,643,217	
Deferred tax liabilities	238,799,140		277,390,058	
Provisions for Risks and Charges	229,133,812		220,960,752	
Non-current financial liabilities	3,850,492,598	109,826,000	3,661,949,701	123,410,000
Miscellaneous payables and other non-current liabilities	21,754,670	6,880,000	1,511,333	
Total Non-current liabilities	4,343,089,477		4,164,455,061	
Current liabilities				
Current financial liabilities	300,577,291	6,612,000	171,670,146	17,954,000
Trade and miscellaneous payables and other current liabilities	216,341,188	82,214,000	155,786,867	64,889,000
Provisions for Risks and Charges	450,000		450,000	
Income tax payables	17,872,660		12,583,893	
Total current Liabilities	535,241,139		340,490,906	
Total liabilities	4,878,330,616		4,504,945,967	
Total Equity and Liabilities	9,361,845,188		9,085,427,260	

Statement of cash flows

(euros)		Financial Year 2021	Financial Year 2020
Cash flows from operating activities:			
Profit for the period		191,395,676	156,666,767
Adjustments for:			
Amortization, losses/gains on disposals and impairment losses on non-current assets		360,131,609	313,081,410
Net change in deferred tax assets and liabilities		(38,590,918)	(21,162,505)
Change in provisions for employee benefits		251,082	(623,963)
Change in trade receivables		38,101,973	76,343,608
Change in trade payables		(7,496,772)	(34,051,493)
Net change in miscellaneous receivables/payables and other assets/liabilities		(327,673,704)	(16,577,769)
Other non-monetary changes		1,698,000	12,954,999
Cash flows from operating activities	(a)	217,816,946	486,631,054
Cash flows from investing activities:			
Total purchases of tangible and intangible assets for the period and right-of-use assets (*)		(385,900,000)	(209,815,344)
Of which change in amounts due to fixed asset suppliers		217,521,000	120,514,103
Total purchases of tangible and intangible assets and rights of right-of-use assets on a cash basis		(168,379,000)	(89,301,241)
Purchase of investments		-	(2,140,000,000)
Change in financial receivables and other financial assets		70,602	22,242,143
Other non-current changes		-	-
Cash flows used in investing activities	(b)	(168,308,398)	(2,207,059,098)
Cash flows from financing activities:			
Change in current and non-current financial liabilities		213,728,042	2,471,318,160
Dividends paid (*)		(286,783,157)	(696,721,120)
Treasury shares acquired		(340,388)	(532,063)
Cash flows used in financing activities	(c)	(73,395,503)	1,774,064,977
Aggregate cash flows	(d=a+b+c)	(23,886,955)	53,636,933
Net cash and cash equivalents at beginning of the period	(e)	120,207,049	66,570,115
Net cash and cash equivalents at end of the period	(f=d+e)	96,320,094	120,207,049

(*) of which related parties:

(euros)	Financial Year 2021	Financial Year 2020
Total purchases of tangible and intangible assets and rights of use on TIM assets	17,429,000	34,130,000
Total purchases of tangible and intangible assets and rights of use on Vodafone Italia assets	73,544,000	146,000
Dividends paid TIM	-	255,860,303
Dividends paid Vodafone Italia	-	255,860,303

On November 6, 2017, EU Regulation no. 2017/1990 was issued which implemented certain amendments to IAS 7 (Statement of cash flows) at the EU level. For this purpose please note that the liabilities arising from financing activities solely concern monetary movements. No change of this type was recorded in 2021.

EVENTS SUBSEQUENT TO DECEMBER 31, 2021

See the specific Note "Events subsequent to December 31, 2021" to the Individual Financial Statements at December 31, 2021.

POSITIONS OR TRANSACTIONS RESULTING FROM ATYPICAL AND/OR UNUSUAL OPERATIONS

In accordance with Consob Communication DEM/6064293 of July 28, 2006, during the course of the financial year 2021, no atypical and/or unusual transactions occurred as defined by the Communication.

SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

Pursuant to Consob Communication no. DEM/6064293 of July 28, 2006, below is the information on the impact on INWIT's economic, financial and equity results of non-recurring events and operations at December 31, 2021. The non-recurring effects on Equity and Profit (Loss) for the period are expressed net of tax impacts:

(thousands of euros)		Equity	Profit (loss) for the year	Net financial debt	Cash flows (*)
Carrying value	(a)	4,483,515	191,396	(4,053,018)	(23,888)
Acquisition of goods and services - Charges associated with extraordinary		(507)	(507)	(323)	(323)
Other operating expenses - Charges associated with extraordinary		(2,028)	(2,028)	(2,028)	(2,028)
Total effects	(b)	(2,535)	(2,535)	(2,351)	(2,351)
Notional value	(a-b)	4,486,050	193,931	(4,050,667)	(21,537)

(*) The cash flows relate to the increase (decrease) in the period of cash and cash equivalents.

The impact on the individual item of the separate income statement of non-recurring items is as follows:

(thousands of euros)	Financial Year 2021	Financial Year 2020
Acquisition of goods and services - Charges associated with extraordinary transactions	(507)	(6,711)
Other operating expenses - Charges associated with extraordinary transactions	(2,028)	-
Impact on Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	(2,535)	(6,711)
Impact on Operating profit (loss) (EBIT)	(2,535)	(6,711)
Impact on Profit (loss) before tax	(2,535)	(6,711)
Income taxes on non-recurring items	722	1,913
Impact on the Profit (Loss) of the Period	(1,813)	(4,798)

BUSINESS OUTLOOK FOR THE YEAR 2022 [(1)]

On the bask of the major transformation, following the merger with Vodafone Towers S.r.l. in 2020, INWIT has become the largest wireless infrastructure operator in Italy, with the mission of supporting its anchor tenants TIM and Vodafone Italia S.p.A. in building the new network for the development of 5G, while also providing the entire market access to its infrastructure.

The results for 2021, the year of integration and consolidation of the company's new assets, showed an increase in all the main profit and loss indicators, with a progressive acceleration over the quarters. The market's interest in the company's infrastructure assets is reflected in the fact that during the year INWIT grew its network of macro sites by around 400 units, developed over 4,400 new hosting sites, increasing its tenancy ratio to 2.01, and expanded its network of micro-coverage for remote DAS. This was also thanks to investments during the period totaling 217 million euros.

In terms of earnings and financial performance, revenues in 2021 totaled 785 million euros, up 4.6% on the previous year on a like-for-like basis, in line with expectations, and with a progressive acceleration during the year up to 7.2% in the fourth quarter. Revenue growth was accompanied by margin expansion, with EBITDAaL of 520 million euros, up year-on-year from 63% to 66% as a percentage of revenue, and strong cash generation, with RFCF of 366 million euros, up 15% from 2020 on a like-for-like basis.

These results represent a solid basis for the continuation of INWIT's growth trajectory in 2022, a year in which a further improvement is expected in all industrial, earnings and financial indicators.

Specifically, in 2022, the forecasts are for revenues of 850-860 million euros, EBITDA of 775-785 million euros, EBITDAaL of 585-595 million euros and RFCF of 485-495 million euros. With regard to shareholder remuneration, the company's dividend policy is confirmed and envisages dividends per share increasing by 7.5% per year in the period 2021-2023, starting with the dividend of 30 eurocents per share on the 2020 results and paid in 2021.

In November 2020, INWIT presented the update of the 2021-2023 business plan, whose forecasts are confirmed, also in light of the positive performance of the target market, which is benefitting from structural trends supporting the demand for mobile infrastructure, such as increasing data usage and the transition to 5G technology and the resulting need for network densification. This is being accompanied by the positive cycle of digital investments underway, supported by the initiatives of the Next Generation EU program, capable of providing further growth opportunities for the Company.

Covid-19 disclosure

The Covid-19 health emergency has led to a contraction of the economy, with potentially negative effects on the Company's earnings, cash flows and financial position. The rapid spread of Covid-19 from March 2020, and the consequent health emergency have generated significant economic uncertainty, both in Italy and worldwide.

The Company considers this situation to be of medium risk because, despite the economic downturn, the business conducted by INWIT is essential for the provision of services by telephone operators. At present, the Company has not experienced any significant impact on the performance of the business related to the health emergency.

The Company has also mapped the risks associated with Covid-19 and considers the occurrence of the events subject to these risks to be unlikely to occur given the industrial sector it belongs to, which

(1) The chapter "Business outlook for the year 2022" contains forward-looking statements related to the Company's intentions, beliefs, or current expectations regarding the financial performance and other aspects of the Company's operations and strategies. Readers of this Report are reminded not to place undue reliance on such forward-looking statements, in that actual results may differ significantly from forecasts owing to numerous factors, the majority of which are beyond the Company's control.

is characterized by low volatility, cyclicality of existing hosting, long-term contracts and other barriers to entry into the sector.

The potential risks identified by the Company can be summarized as follows:

- negative impacts, possibly significant, on the prospects for the growth of revenues and profit margins;
- delays in the delivery of services by the Company's suppliers (e.g. maintenance or construction of new Sites), permits from the various public administrations, orders from Customers;
- the need for mobile telephone operators (INWIT Customers) to incur higher costs and investments that may not be passed on to end consumers or they may end up in default, with negative impacts on the operators' economic and financial position;

At present, there are no significant negative impacts on the company's results that could generate losses in income/financial performance or delays in its strategic planning. In addition, despite the economic downturn, the business conducted by INWIT is essential for the provision of services by telephone operators.

Lastly, the current phase of the pandemic has led to a general acceleration in digitalization processes and a significant increase in data traffic on the networks of the Company's main customers, with a consequent favorable impact on the demand for the services it offers.

MAIN RISKS AND UNCERTAINTIES

The business outlook for 2022 could be affected by risks and uncertainties caused by a multitude of factors, the majority of which are beyond INWIT's control.
The main risks concerning the business activities of the Company, which may impact, even significantly, on the ability to achieve the objectives set by the management, are presented below.

The risk factors concerning the Company

Risks associated with the MSA

The Company's earnings, cash flows and financial position are exposed to risks arising from the non-renewal or early termination of agreements (MSAs) entered into with TIM and Vodafone. INWIT's network infrastructure is the essential asset for the delivery of the services provided by the two operators and for the development of new services, in response to market demand (e.g. 5G), and both agreements have a duration of 8 years, automatically renewable for further 8-year periods, with indefinite renewal cycles, regulated by the "All or Nothing" mechanism.
Given the importance of these agreements for the Company's revenues, if the operators exercise their right of withdrawal or terminate the agreement on expiry, this would have a significant adverse impact on the Company's business and its earnings, cash flows and financial position.
In addition, in view of the long-term duration of the MSAs signed with the above-mentioned operators and in light of the presence of a set fee for the entire duration of the agreements, any increase in the costs incurred by the Company (also as a result of measures adopted by the competent Authorities and net of any concessions and/or benefits) that are not covered by the fee due from the operator would lead to a reduction in the Company's revenue margin, with consequent adverse effects on its earnings, cash flows and financial position.

Risks related to potential conflicts of interest by some of the Directors

This risk is related to potential conflicts of interest arising from the fact that some members of the Board of Directors hold positions in companies that are part of the chain of control of the Company.

Risks associated with Related Party Transactions

The Company has engaged and is engaged in significant relations with TIM and with Vodafone. The operations deriving from these relationships have the typical risks connected with operations between parties whose membership of or links to the Company and/or its decision-making structures could compromise the objectivity and impartiality of the decisions relating to those operations. The Company believes that the conditions envisaged and actually applied in the operations deriving from these relationships are in line with normal market conditions. However, there is no guarantee that, if these operations had been carried out with third parties, those parties would have negotiated or entered into the respective agreements, or performed the same transactions, at the same terms and conditions and in the same manner.

Risks related to key personnel

Any interruption in the employment relationship between the Company and its key personnel could have an adverse effect on the Company's income, balance sheet, and financial situation.
The results achieved by the Company also depend on the contribution of certain individuals who hold significant positions within the Company and have significant experience in the industry in which the Company is engaged (including, specifically, the CEO, the Head of "Administration, Finance & Control", the Head of "Marketing & Sales", and the Head of "Technology & Operations").

Risks associated with changes to the organizational model

Many of the Company's operating activities were previously carried out and managed by third parties and/or by the former parent company, TIM. The management of these activities, although provided by alternative suppliers able to offer a quality of service similar to that provided by TIM, may entail more onerous financial conditions with consequent adverse effects on the Company's earnings, cash flows and financial position. It cannot be ruled out that, in order to ensure the full functioning of its assets, INWIT may need to increase or downsize of its workforce, with potential adverse effects on its operations and its earnings, cash flows and financial position.

Risks related to the Company losing the authorization to conduct its activity

The activity carried out by the Company is subject to the issuance of special authorizations pursuant to the applicable regulations in effect.
In the event the general authorization is not renewed upon expiration or is revoked by the Ministry or the Authority should the Company fail to comply with the conditions and specific obligations provided for in the Electronic Communications Code, the Company would no longer be able to continue operating as a network operator for the installation and provision of Passive Infrastructure, which would result in significant adverse effects on its income, balance sheet, and financial situation.

Risks related to ownership of the rights to use the frequencies assigned to mobile network operators

The Company's activity is not linked to authorizations concerning the rights to use frequencies, which are held by mobile telephone operators on the basis of tender, awarding, and renewal procedures independently of the Company.
The Company's business depends on the ability of its mobile telephone operator customers to preserve their rights to use the frequencies and to renew the related authorizations. There is no certainty that in the long term, telephone operator customers will be able to retain ownership of the frequencies in relation to which the Company provides its services or that the frequencies currently held by such customers will be again allocated to them in the future.

Risks related to the contractual and administrative structure of the Sites

Given the importance of the Company's network infrastructure in the conduct of its business, any adverse events for such infrastructure could have negative effects on the income, balance sheet, and financial situation of the Company.
With regard to the Sites there is a risk that the lease, sublease and/or concession for use agreements are not renewed, the Company being thus obliged to restore the land to its original condition, or the risk that any renewals are not obtained on terms at least comparable to those in place, with negative impact on the profitability of Site operations and consequently on the financial position, earnings and cash flows of the Company.

In addition, with regard to the management of the hosting agreements in particular, the improper management of those agreements and their execution, performance and monitoring could have adverse effects on the profitability of the management of the Sites and consequently on the Company's earnings, cash flows and financial position.

Risks related to the Company's inability to implement its development strategy

In the event the Company is unable to successfully implement one or more of its development strategies, there may be negative effects on its activities and on its income, balance sheet, and financial situation. The Company's ability to increase its revenues and improve profitability also depends on the successful implementation of its strategy. The Company's strategy is based, among other things, on the following elements:

- leveraging the assets of existing Sites by maximizing the co-tenancy ratio;
- rationalization of operating costs;
- development of new services consistent with its core business;
- meeting the hosting demand for existing sites;
- expansion of the number of Sites in line with developments in demand.

With regard to the satisfaction of hosting demand in particular, the ability to meet the demand also depends on the availability of physical and electromagnetic spaces. The presence of spaces that are unable to meet the demand could have an adverse effect on the Company's earnings, cash flows and financial position.

In addition, any future amendments to the legislation applicable to the industry in which the Company and/or the Company's customers operate, including specifically any imposition of stricter limits to EMC emissions, could have adverse effects on the activities and on the income, balance sheet, and financial situation of the Company.

Risks relating to non-compliance with the Commitments and/or amendment of the Commitments by the European Commission.

The failure to meet the Commitments submitted to the Commission pursuant to Article 6(2) of the Merger Regulation by the notifying parties (TIM and Vodafone Group Plc) may have an adverse effect on the Company's earnings, cash flows and financial position if the breach of the Commitments is attributable to default by the Company, as agreed between TIM, Vodafone Group Plc, VOD and INWIT in the letter dated March 25, 2020, according to which, in such case, there is no limitation on any recourse by the notifying parties against INWIT. Consequently, if it is found to be in default, INWIT would be required to compensate the notifying parties for the amount paid by them as a penalty imposed by the European Commission for breach of the Commitments, in addition to any further damages, which would have an adverse effect, potentially even significant, on the Company's earnings, cash flows and financial position.

Risks related to the Loan Agreements

The Loan Agreements signed by the company to finance business activities provide for a series of general and covenant commitments for the Company, both positive and negative, which, albeit in line with market practice for financing and similar, could limit operations. For additional information see the Note 13 "Financial liabilities (current and non-current)" to the individual Financial Statements at December 31, 2021.

Risks related to costs for restoring the Sites and potentially inadequate provision for restoration costs

As part of its activity following decommissioning of the site, the Company must dismantle the infrastructure and restore the site to its original condition if this is envisaged by any legal or constructive obligation in the lease relating to the areas/buildings where the infrastructure is located. In this regard it should be noted that, as a rule, the leases provide for the Company's obligation to dismantle and restore the site to its original condition. The valuation of the provision for restoration costs is affected both by the expected unit restoration costs and by the inflation/discount rates, which are beyond the Company's control and whose changes may adversely affect the income and balance sheet situation of the Company.
Without prejudice to the above, the provisions recognized in the Financial Statements at December 31, 2021 were considered adequate by the Company at the date of completion of this document.

Risks related to court and administrative proceedings and to potentially inadequate provisions

Any adverse outcome in the principal legal proceedings in which the Company is involved, for amounts significantly higher than those for which provision has been made, could have negative effects on the Company's activities and on its income, balance sheet, and financial situation.
Without prejudice to the above, the provisions recognized in the Financial Statements at December 31, 2021 were considered adequate by the Company at the date of completion of this document.

Risks related to non-compliance with applicable regulations

The Company is subject to potential non-compliance with applicable regulations, both external (laws, regulations, applicable accounting standards) and internal (e.g. code of ethics), and seeks to implement all the actions aimed at ensuring the adequacy of the company processes for the regulations applicable to it, in terms of procedures, supporting information systems and required business conduct.

Of particular importance in this regard are the EU Regulation 2016/679 on General Data Protection Regulation (GDPR) and Legislative Decree 231/2001, which establishes the liability of the Company for offenses committed by its management.

Any breaches of the rules and regulations may have significant adverse effects on the Company's financial position and reputation.

Risk factors related to the industry in which the Company operates

Risks associated with the operation of existing sites, the identification of new sites suitable for the development of the Company's projects, and the issuance and/or revocation of administrative authorizations

Any difficulties connected with the identification of new Sites and/or their allocation, also in view of the increasing competition in the telecommunications network infrastructure sector, as well as any failure or delay in obtaining authorizations and permits and their subsequent withdrawal and/or suspensions or cancellations of the authorizations, could lead to adverse effects on the Company's operations and, consequently, on its earnings, cash flows and financial position.

In addition, in view of the importance of the Sites for the Company, maintenance is essential for the proper operation of the infrastructure, for the quality of the services provided to its customers and for the safety of its employees. The proper management and planning of maintenance work is an important aspect for limiting potential negative impacts on the Company.

Risks related to the effects on infrastructure of natural disasters or other force majeure events

The proper operation of the infrastructure is essential for the Company's activity and to provide services to its customers. Although the Company believes that it has adequate insurance coverage in place to compensate any damage caused by natural disasters or other force majeure events, and has developed operating procedures to be followed should such events occur, any damage to part or all of the towers of the Company or, more generally, to its Sites, resulting from natural disasters or other force majeure events, could hamper or, in some cases, prevent the Company's normal operations and its ability to continue to provide services to its customers.

Risks related to the discontinuation of Site activities

The Company relies on infrastructure to provide its services and, more generally, to conduct its business; by its very nature, this infrastructure is subject to interruptions or other malfunctions caused, among other things, by prolonged power outages, security issues, or suppliers' defaults.

A prolonged interruption in the service provided for reasons attributable to unauthorized accesses or power blackouts or any actions taken in order to deal with or prevent them, could lead to significant additional costs for the Company, or prevent its operation, with possible negative effects on the Company's business and its earnings, cash flows and financial position.

Risks related to IT security and system outages

The management of ICT systems and the need to ensure the security of those systems and their continuous operation are important aspects of the business operations. In this context, loss of data, inappropriate dissemination of data and/or outages of ICT systems as a result of accidental events or malicious acts involving the information system, may have potential adverse effects on the Company's business and its earnings, cash flows and financial position.

Risks related to technical and technological developments

The Company's inability to identify technical solutions capable of addressing market changes and future needs could have a negative impact on the income, balance sheet, and financial situation of the Company.

Risks related to environmental and health protection

The Company is subject to comprehensive regulation on the protection of the environment and human health at the national and EU level. Although the Company is committed to be constantly in compliance with the applicable legislation, any violations of applicable environmental laws may result in adverse effects on the income, balance sheet, and financial situation of the Company.

Risks associated with the reference regulatory framework in relation to the activities carried out by the Company's customers

The business operations of the Company's customers are subject to complex regulations at national and EU level, particularly with regard to environmental and administrative aspects, where the numerous regulatory requirements imposed by the competent authorities and aimed directly at the Company's customers are also significant.

In this regard, the Company's earnings, cash flows and financial position may be impacted both as a result of breaches of or changes in the directly applicable regulatory framework and as a result of indirect consequences deriving from breaches of or changes in the regulatory framework applicable to its customers.

Specifically, mobile phone operators hosted at the Company's sites are subject to regulations aimed at protecting people and the environment from exposure to electromagnetic fields and any infringement of the legal and regulatory framework applicable to the Company's customers may have a negative impact on the earnings, cash flows and financial position of its customers and, indirectly, of the Company.

Risks associated with the possible contraction of customer demand for the Company's services

The Company offers integrated hosting services to its customers, with the aim of covering the entire value chain of the hosting business, in accordance with the business model adopted: from pure leasing of the equipment all the way to the services supporting the operation and maintenance of such equipment. Any contraction of customer demand for the services provided by the Company, even when due to contingent reasons, could have a negative impact on the Company's income, balance sheet, and financial situation.

Climate Change Risks

The following Physical Risks due to climate change have been identified:

- *Extreme weather phenomena* and *Distribution of annual precipitation*. For INWIT, these risks may be higher for rooftop sites, and lower for rawland sites. They could also result in service interruption and harm to property and people.
- *Increased temperatures*, could result in higher energy requirements for cooling sites with indoor equipment.
- *Sea level rise* of 3%, could affect solely the rawland sites of the coastal area of Emilia and Veneto.

In addition, the following Transition Risks have been identified:

- *Increased cost of technology*. This risk would result in INWIT having to adapt infrastructure assets (piling, power supply and air conditioning).
- *Increased fossil fuel electricity prices*. The company monitors this risk through the implementation of a specific process guided by a dedicated unit, aimed at managing issues relating to energy procurement.

The objective of the methodology being adopted by INWIT is to identify climate-related risks deriving from the scenarios analyzed, in addition to qualitatively assessing their effects and impacts on its business.

Starting from 2020 INWIT has also initiated a process designed to implement a modern and sustainable business, by launching activities and projects aimed fully integrating sustainability into the company and creating value over the long term. In the pursuit of carbon neutrality, in 2021 INWIT drew up and approved its Climate Strategy, as envisaged in the Sustainability Plan, identifying the actions, initiatives and targets to be used as the basis for a solid objective of carbon neutrality by 2024.

Risks related to global economic conditions

The Covid-19 health emergency has led to a contraction of the economy, with potentially negative effects on the Company's earnings, cash flows and financial position. The rapid spread of Covid-19 since March 2020 and the consequent public health emergency continue to generate uncertainty about economic prospects both in Italy and globally.
The Company assesses the risk referred to in this Paragraph as medium. Although the Covid-19 health emergency is likely to lead to a contraction in the economy, with potentially negative effects on the economic, equity and financial situation of the Issuer, the activity carried out by INWIT is essential for the provision of the services of the telephone operators.

- The Company has also mapped the risks associated with Covid and considers the occurrence of the events subject to these risks to be unlikely to occur given the industrial sector to which the Company belongs – telecommunications, which is among the least affected by the pandemic – and the Company's business model, which is characterized by low volatility, cyclicality of existing hosting, and long-term contracts. The potential risks identified and analyzed by the Company have been detailed in the chapter above.

- At present, there are no significant negative impacts on the company's results that could generate losses in income/financial performance or delays in its strategic planning.

The information and conclusions regarding potential risks contained in this report are in line with the Prospectus.

CORPORATE BODIES AT DECEMBER 31, 2021

BOARD OF DIRECTORS

By virtue of the Agreement signed by TIM S.p.A. Vodafone Europe B.V., Vodafone Italia S.p.A., INWIT S.p.A. and Vodafone Towers S.r.l., on March 20, 2020, the Shareholders' Meeting appointed the current Board of Directors, consisting of 13 directors, which will remain in office until the approval of the financial statements for the year ending December 31, 2022.
The Board of Directors took office on March 31, 2020, the effective date of the merger by incorporation of Vodafone Towers S.r.l. into INWIT S.p.A..

The composition of the current Company's Board of Directors is shown below:

Chairman	Emanuele Tournon
CEO and General Manager	Giovanni Ferigo
Directors	Giovanna Bellezza Laura Cavatorta (independent) Antonio Corda Angela Maria Cossellu (independent) Sabrina Di Bartolomeo Sonia Hernandez Rosario Mazza (independent) Agostino Nuzzolo Secondina Giulia Ravera (independent) Fabrizio Rocchio Francesco Valsecchi (independent)

All board members are domiciled for the positions they hold in INWIT at the registered office of the Company in 1 Via Gaetano Negri, Milan.

On October 2, 2020, the Board of Directors accepted the resignations tendered by the Independent Director Filomena Passeggio and the non-executive Director Carlo Nardello and co-opted Rosario Mazza (independent) and Giovanna Bellezza (non-executive) as Directors, in accordance with Article 2386, paragraph 1 of the Italian Civil Code. The appointed Directors were confirmed by the Shareholders' Meeting on April 20, 2021 and will remain in office until the approval of the financial statements for the year closing on December 31, 2022.

On April 23, 2020, the Board of Directors established internal committees, made up – from December 31, 2021 – of:

- **Nomination and remuneration committee:** Rosario Mazza (Chairman), Laura Cavatorta and Antonio Corda
- **Control and risks committee:** Angela Maria Cossellu (Chairman), Antonio Corda, Agostino Nuzzolo, Secondina Giulia Ravera and Francesco Valsecchi
- **Related parties committee:** Secondina Giulia Ravera (Chairman), Angela Maria Cossellu and Rosario Mazza
- **Sustainability committee:** Laura Cavatorta (Chairman), Giovanna Bellezza, Sabrina Di Bartolomeo, Fabrizio Rocchio and Francesco Valsecchi.

Lastly, on April 23, 2020, the Board of Directors also appointed the Director Secondina Giulia Ravera as Lead Independent Director.

Until the end of the term of office of the Board of Directors and therefore until the approval of the Financial Statements at December 31, 2022, the Board of Directors appointed a Supervisory Body, in office since May 5, 2020, composed of Francesco Monastero (Chairman), Giuliano Foglia, Umberto La Commara and Laura Trucco to perform the functions envisaged by Legislative Decree 231/2001. Following the appointment of the new Board of Statutory Auditors and the subsequent resignation of Umberto La Commara as a member of the Supervisory Board, on April 26, 2021, the Board of Directors appointed Maria Teresa Bianchi as a member of the said Board, which is therefore currently composed of Francesco Monastero (Chairman), Giuliano Foglia, Maria Teresa Bianchi and Laura Trucco and will remain in office until the approval of the financial statements at December 31, 2022.

BOARD OF STATUTORY AUDITORS IN OFFICE AT DECEMBER 31, 2021

The Shareholders' Meeting of April 20, 2021 appointed the Board of Statutory Auditors, which will remain in office until the approval of the financial statements at December 31, 2023.

The Board of Statutory Auditors of the Company at December 31, 2021 was composed as follows:

Chairman	Stefano Sarubbi
Acting Auditors	Maria Teresa Bianchi
	Giuliano Foglia
Alternate Auditors	Roberto Cassader
	Michela Zeme

INDEPENDENT AUDITORS

The Shareholders' Meeting held on February 27, 2015 appointed the audit firm PricewaterhouseCoopers S.p.A. to audit the Company's financial statements for the nine-year period 2015-2023.

MANAGER RESPONSIBLE FOR PREPARING THE CORPORATE FINANCIAL REPORTS

At the meeting held on March 31, 2020, the Board of Directors assigned Diego Galli, Head of the Administration, Finance & Control function, as Manager responsible for preparing the corporate financial reports.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

INWIT's internal control and risk management system is organized, and operates, in accordance with the principles and criteria set out in Borsa Italiana's Code of Corporate Governance. It is an integral part of the Company's general organizational framework, and involves a number of actors who operate in a coordinated manner according to their respective responsibilities as follows: the Board of Directors is responsible for strategic guidance and supervision; the CEO and management are responsible for monitoring and managing the Company's operations; the Control and Risks Committee, and the Head of the Audit Function, have a monitoring role and lend support to the Board of Directors; and the Board of Statutory Auditors has a supervisory role.

In particular, the Internal Control and Risk Management system is composed of a series of rules, procedures and organizational structures designed to permit – through a process of identification, measurement, management and monitoring of the main risks – the sound, correct management of the Company in keeping with the provisions of the Company's **Code of Ethics** and **Code of Corporate Governance** (both of which may be consulted on the website www.inwit.it, Governance section) approved by the Board of Directors on February 27, 2015, which allow exceptions to and/or supplement the framework of rules governing the duties and working of the Company's governing bodies, and on other matters refers to the Code of Corporate Governance drawn up by the Corporate Governance Committee of Borsa Italiana.

The internal control system is completed by the "**231 Organizational Model**", that is, an organizational and management model adopted pursuant to Italian Legislative Decree no. 231/2001, designed to prevent criminal offenses that may entail the Company's liability.

The Organizational Model of TIM, adopted by INWIT, is organized into:

- the **Code of Ethics** which ideally heads the entire corporate governance system and represents INWIT's charter of values for the ethical (that is, the transparent, correct and true) management of its business affairs. The Code of Ethics sets out, in particular, the nature of disclosure of business practices and affairs to the intended recipients of such information, namely: the members of the governing bodies, the management, those working for the Company. External contractors and consultants, and insofar as the Company's procedural system provides for such, third parties with business relations with INWIT, must comply with the Code of Ethics. As is the case with all of the Company's instruments of governance, the Code of Ethics is constantly monitored and checked in view of developments in the law, and in business and market practices, bearing in mind the results of monitoring by the Control and Governance functions of TIM.

- the "**rules of conduct**" consisting in specific rules governing relations with third parties, formalities and corporate activities;

- the "**internal control process charts**" describing the corporate processes at risk of commission of criminal offenses, the corresponding criminal offenses, the aspects of control, and guidelines aimed at preventing illegal conduct.

The Organizational Model takes into consideration those criminal offenses covered by Italian Legislative Decree 231/2001, with the exception of those considered not to be directly relevant to the TIM Company.

Until May 5, 2020, the functions of the Supervisory Body were assigned to the Board of Statutory Auditors. On April 23 and with effect from May 5, 2020, the Board of Directors appointed a Supervisory Body in the form of board (four members), which also includes a member of the Board of Statutory Auditors and the head of the Audit function, as an internal member. Its task is to monitors the operation and compliance with the Organizational Model, and reports to the Board of Directors in regard to monitoring and audit operations carried out, and the corresponding results of such.

INWIT's website features a specific section concerning the adopted 231 Organizational Model. (www.inwit.it, Governance Systems section).

The following company policies and procedures have been established and adopted:

- the **Anticorruption Policy** that constitutes the benchmark for the prevention of corrupt practices;
- the **Whistleblowing Procedure** which introduces a process designed to guarantee the receipt, analysis and management of reports of conduct suspected of infringing the Code of Ethics and Conduct and the 231 Organizational Model adopted by INWIT, the internal procedures, and any external regulations applicable to INWIT, together with reports from the Board of Statutory Auditors insofar as it is concerned.
- the **Procedure for carrying out transactions with related parties**, transactions with related parties were managed within the RPT procedure approved by the Board of Directors on July 25, 2017 and from January 1, 2019 the new procedure is in force, pursuant to the Regulation adopted by Consob with resolution no. 17221/2010 as amended.
- the **Procedure for the internal management and public disclosure of insider information**, approved by the Board of Directors on February 27, 2015, in regard to the means of public disclosure of documents and information regarding the Company, with specific regard to insider information.

In accordance with the Company's Code of Corporate Governance, in exercising the Board of Directors' responsibility for the internal control and risk management system, the Board also avails itself of the services not only of the Internal Control and Risk Management Committee, but also of the head of the Audit Function, which enjoys its own organizational independence and has sufficient adequate resources to carry out its own activities. The Head of the Audit Function, Laura Trucco, is responsible for supporting the administrative and control bodies in verifying the adequacy, full operation and effective functioning of the risk management and control system, and consequently for proposing corrective measures in the event of anomalies or shortcomings.

The Head of the Audit Function also acts as guarantor in regard to compliance with the principles and values expressed in the Code of Ethics, by handling the reports received from employees, contractors, consultants, service providers and business partners of the Company, in regard to any violation of the law or regulations, of the Code itself, or of company procedures, and by promoting the most suitable actions as a consequence of such reports.

As permitted by the Company's Code of Corporate Governance, and as decided by the Board of Directors, subject to the opinion of the Control and Risks Committee, the Audit Function avails itself, through a specific Framework Agreement, of the services of a major audit firm, selected following a specific call for tenders, in order to carry out its own activities.

Furthermore, during the course of the financial year 2016 the Compliance and Regulations Function was established with the aim of strengthening the safeguards provided by the internal control system.

The **principal persons and bodies involved in the operation of the internal control system are**:

1. the **Board of Directors**, whose role it is to guide and periodically (annually) assess the system;

2. the **Executive Directors** (at present: the Chairman of the Board of Directors and the Chief Executive Officer), in their capacity as directors appointed to establish and maintain the system, in keeping with the guidelines established by the plenum of the Board of Directors;

3. the **Control and Risks Committee**, whose role it is to provide preliminary support to the Board of Directors in regard to the latter's duties concerning internal control and risk management;

4. the **Head of the Audit Function** who is accountable to the Board of Directors, and whose task it essentially is to monitor the operation and adequacy of the internal control and risk management system;

5. the **manager appointed** to draw up the Company's accounting documents, by the Board of Directors, who is responsible for establishing adequate administrative and accounting procedures for the formation of the interim and final financial statements, together with any other financial disclosures or reports.

6. the **Board of Statutory Auditors** which, borrowing an expression from the Stock Exchange Code, represents the head of the supervisory system. Together with the legal functions assigned to the Board of Statutory Auditors, until May 5, 2020 it also performed the functions of supervisory body, pursuant to Italian Legislative Decree no. 231/2001, for the purposes of corporate self-governance.

7. the Supervisory Body appointed by the Board of Directors on Council, administration on April 23, with effect from May 5, 2020, monitors the operation and compliance with the Organizational Model, and reports to the Board of Directors in regard to monitoring and audit operations carried out, and their results. It is made up of four members, which also includes a member of the Board of Statutory Auditors and the head of the Audit function, as an internal member.

INWIT'S PEOPLE

In a competitive scenario, where business, technology and consumption models are constantly undergoing radical change, the transformation and change required to capture and meet market challenges must include the nurturing of employees and their professional growth.

At INWIT our core values include recognizing the key importance of people, respect for worker rights, ensuring occupational health and safety, and promoting equal opportunities and professional growth, in line with the Code of Ethics, which is based on the UN Global Compact.

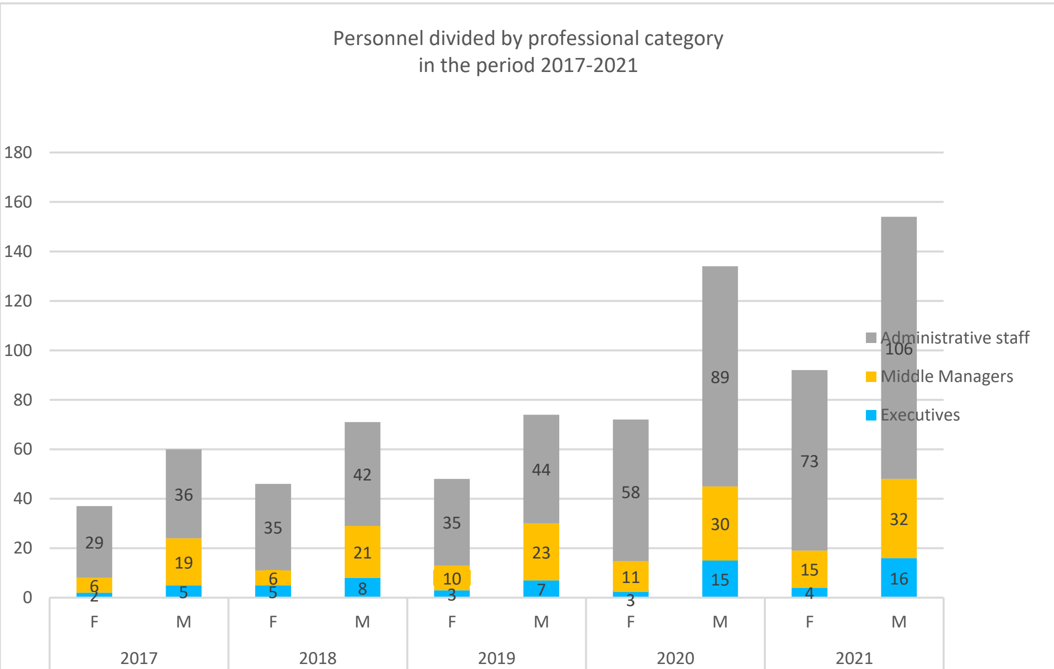
The management of labor relations in INWIT therefore aims to promote equal opportunities, professional development and enhancement human capital, with a view to sustainability of the business in the medium- to long-term.

WORKFORCE

There were 246 employees at December 31, 2021. They can be subdivided into their respective categories,
as follows:

(units)	12.31.2021	12.31.2020
Executives	20	18
Middle Managers	47	41
Administrative staff	179	147
Total	**246**	**206**

The distribution of the workforce in gender terms is as follows:



The average entity of the workforce in the period in question was 232.08 employees (units), and can be sub-divided as follows:

average workforce	2021	2020
Executives	18.75	16.08
Middle Managers	46.58	39.08
Administrative staff	166.75	127.46
Total	**232.08**	**182.62**

The year 2021 was characterized, on one hand, by the restructuring of the organization and technical and commercial processes, and, on the other hand, by the consolidation of the strategic responsibilities for business development. The workforce increased by 40 people (balance between 51 entries and 11 exits). Since the launch of the business (April 1, 2015), personnel numbers have increased by 186.

The growth in the workforce was attributable to the implementation of the corporate policy in line with the evolution of the Company's qualitative and quantitative needs; the people hired, all rigorously selected based on the skills needed, came from both the TIM Group and Vodafone (10%) and the external market (89%). 39.6% of new hires were made to strengthen coverage in the staff functions 60.4% were made to improve technological and marketing processes in light of the new organizational structure and market scenario.

The growth in the workforce has been accompanied by a program of continuous training and skill development.

ORGANIZATION

In order to guarantee operations and the achievement of company targets, the Company has restructured its organizational model to cover the activities required for the management and development of the Company's business.

At December 31, 2021, the following functions reported to the CEO:

- **Administration, Finance & Control,** which is responsible for planning and control processes, investment valuation, administration, accounting and finance, preparing the financial statements, tax obligations, and relations with investors and the financial community. It is also responsible for procurement and the management of business development initiatives.

- **Legal & Corporate Affairs,** which ensures the legal protection of the Company by overseeing contractual activities and the management of disputes and litigation. It is also responsible for corporate affairs and providing support to the Corporate Bodies, representing the company position on regulatory matters, managing relations with the Authorities and the Control Bodies of the financial markets, and monitoring compliance and data protection policies and models and the enterprise risk management system (ERM).

- **Human Resources**, which assists the company units in reaching their objectives, by establishing and implementing people management, people development, education, rewards and "people caring" policies. It is also responsible for developing the organizational models and workforce planning, in addition to monitoring industrial relations and internal communications.

- **External Relations & Communication**, which is responsible for defining and representing the company position to stakeholders and national, local and European bodies and institutions, in addition to developing the internal and external communications strategy, aimed at promoting the company identity, brand and image. It is also responsible for communications and managing media relations, developing the company website and social networks and organizing sponsorships and events, as well as defining and coordinating the ESG strategy, also by drafting and updating the Sustainability Plan, and – in liaison with the Administration, Finance & Control and the competent corporate functions – the non-financial reporting process.

- **Marketing & Sales**, which – together with the relevant company functions – is responsible for defining the offering and pricing for traditional hosting and backhauling services and for innovative services, such as microcellular coverage and the Internet of Things. It is also responsible for developing the go to market model and marketing services and solutions and after sales, as well as the overall governance of the Master Service Agreements and Commitments, to ensure the monitoring of the financial and operational KPIs and compliance with the SLAs.

- **Technology**, which is responsible for innovation, scouting and engineering of technology solutions, developing and monitoring IT solutions and designing and managing energy management models, as well as – in liaison with the Risk & Compliance Function of Legal & Corporate Affairs – the governance of physical infrastructure security and cyber security policies, and occupational health and safety.

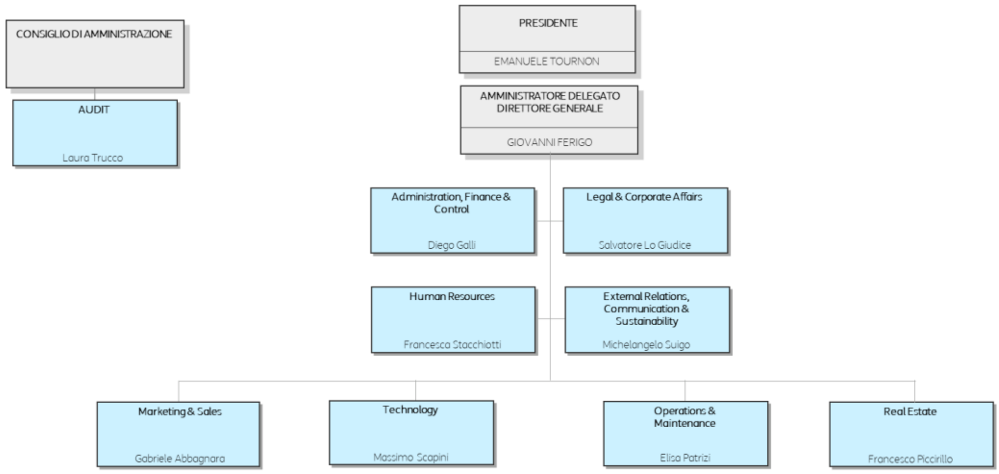
- **Operations & Maintenance,** which – together with the relevant company functions – is responsible for drawing up the infrastructure development and maintenance plans, and designing and constructing the macro-sites and the micro-cellular coverage. It is also responsible for managing the maintenance process and supervising infrastructure, in addition to the operational management of the company production sites and assets.

- **Real Estate,** which – together with the relevant company functions – is responsible for the real estate market analysis for wireless infrastructure and supervising the processes of property management and search and acquisition of new sites, in addition to the negotiation/renegotiation of rents with landlords, also by liaising with real estate agencies and other specialist operators, in order to capture opportunities for rationalization in the real estate market and optimize the overall expenditure.

The **Audit** function, which reports to the Board of Directors, verifies the adequacy of the internal control and risk management system by preparing the audit plans and the performance and quality of the planned and required actions, producing the related reporting, and supervising the follow-ups for the monitoring of the implementation of the improvement plans

The organizational structure of INWIT is shown below (available at www.inwit.it).

Macro Assetto Organizzativo



The organizational structure was revised on February 7, 2022. Specifically, the Technology, Operations & Maintenance and Real Estate functions were merged into the new Technology & Operations function, headed on an interim basis by Giovanni Ferigo.

ISO 9001:2015 CERTIFICATION

In support of the consolidation of operations following the initial start-up period, in 2016 INWIT initiated a process for the certification, in accordance with the UNI EN ISO 9001:2015 standard, with the following certification scope: "*Supply of integrated services for hosting equipment for radio broadcasting, telecommunications, and television and radio signals broadcasting, and the associated activities of marketing, implementation and management of contracts entered into with customers and owners, routine and extraordinary maintenance, the construction of new sites and the disposal of existing sites*".
The required certification checks by the Certifying Body were initiated and successfully concluded in November and December 2021. Activities supporting improvement continued throughout the year.

TRAINING

At the end of 2020, and applicable for 2021, INWIT signed an agreement with the Trade Unions for the activation of the New Skills Fund, promoted by ANPAL (national agency for active labor policies). The fund was used to implement a training plan aimed at accelerating and facilitating the technological transition of the Company's production and organizational models, and engaging all staff in a general process of strengthening, development and upgrade of expertise to align the professional skills to the new company requirements.

The Plan constituted a very significant investment in INWIT's staff, providing over 11,500 hours of training delivered during working hours with virtual classrooms and specialist teaching for each course.

The training was provided to all employees, including managers, and covered four main areas:

SMART ORGANIZATION AND PERSONAL DEVELOPMENT
Employees were involved in a training course aimed at promoting the use of digital tools and soft skills, as well as encouraging cultural change among staff to help in the transformation of work practices by providing effective support for managing remote work.

DIGITAL TRANSFORMATION
A multifunctional learning program was provided, focused on process optimization methods, data processing and analysis techniques, and cybersecurity study and analysis to protect the business, through to the promotion of IOT services, the development of new virtual interaction concepts (e.g. augmented reality) and the use of advanced technologies.

UPSKILLING KEY PROFESSIONALS
In light of the evolving market trends, employees were also involved in a professional refresher course aimed at enhancing skills considered key to the needs of the labor market and the company's business, including English language skills.

SUSTAINABILITY AND ENVIRONMENT
In relation to the focus on sustainability and ecological transition, the Company has developed a training course, aimed at assessing opportunities for intervention and investment, for the application of technical, structural and technological solutions within the business geared toward the use of renewable energy and the environmental sustainability of production and work processes and real estate assets.

In addition to the New Skills Fund Plan, mandatory Health and Safety training courses were provided and an employee awareness program was launched on the aspects of Antitrust and Golden Power, Compliance and Business Ethics and Privacy and Data Protection. More generally, both training courses, Health & Safety and Risk & Compliance, involved all employees for a total of over 4,000 hours.

Overall, an average of 64 hours were provided per capita.

COMPENSATION

Remuneration policy is designed to help achieve business targets, promote the creation of value for shareholders, and constantly improve company performance. INWIT has established a remuneration system aligned to market best practice, strengthening the engagement of employees, and acknowledging their vital role and professional contribution.
At the managerial level, action has been taken in regard to the short-term variable remuneration system reserved for all heads of recognized organizational units, on the basis of the economic/financial targets and quantitative targets set out in the Business Plan. In 2021, the 2nd cycle was launched of the 2020-2024 LTI Plan, approved in 2020, reserved for the CEO, Key Managers and other managers holding critical roles for the Company has been initiated.
In support of the achievement of the key operational and business targets – primarily consisting of a growth in revenue and the optimization of leasing costs – the initial canvassing has been carried out on the people in the teams working on the commercial and operations processes.

HEALTH AND SAFETY PROTECTION

The Company considers the continuous improvement in its health and safety performance to be a key priority, and a factor of vital importance for the safeguarding of the health and safety of its workers.

In 2021, the Company launched a training campaign on specific topics relating to occupational health and safety, together with a program of health monitoring visits for all staff, tailored to the specific risk related to each role.

In 2021, INWIT continued to implement specific actions to protect its personnel in response to the Covid-19 emergency. These measures included wide-scale use of remote working, continuous sanitization of work environments, and constant monitoring of employee on-site presence to ensure social distancing through the use of a dedicated app.

To further support for the protection of health of its personnel, in 2021, as in the previous year, INWIT launched a specific prevention campaign, on a voluntary basis, for the provision of the flu vaccine throughout the country, in addition to ensuring regular screening through rapid swabs in the Rome office.

WELFARE

INWIT provides a rich program of welfare initiatives aimed at employees, in line with its values and objectives: through these initiatives INWIT expresses respect and attention for people by actively contributing to making certain recurrent expenses in family budgets more economically sustainable.

The principal measures offered by INWIT during the course of 2021 were:

- partial reimbursement of monthly tuition for daycare or preschool;
- access to company loans;
- summer activities for the children of employees aged between 6 and 18, on specific themes aimed at strengthening language and social skills;
- concessions for employees on household utilities;
- preferential conditions for insurance policies for our employees and their families;
- subscription to the TIM Vision offering;
- continuation and extension of remote working.

In 2021, in response to the Covid 19 emergency, several agreements were renewed with healthcare facilities to provide certain health services to workers and their families, outside of work (flu vaccines, lateral flow and PCR swab tests, and serological tests).

2020 BROAD-BASED SHARE OWNERSHIP PLAN

In November 2020, and for the first time, INWIT launched a Broad-Based Share Ownership Plan for all employees, aimed at encouraging their “active” participation in the Company’s results and creating a sense of shared identity.
This opportunity, which 98% of INWIT’s people took up, consisted of an initial free allotment of 100 shares for each employee, and an option to purchase shares at a 10% discount on the market value, up to a maximum of 200 shares for each employee.
Around 80% of the employees chose to invest further in INWIT, taking advantage of the discounted purchase price, and 85% of the people who invested purchased the maximum lot of shares available.

As envisaged in the Plan Rules, in December 2021 employees who had retained their free shares and purchased shares for the period of one year from their allocation, and subject to their continued status as employees, were allotted free bonus shares in the ratio of 1 bonus share for every 3 shares held.

OTHER MEASURES FOR THE BENEFIT OF EMPLOYEES

The services of ASSILT (Association for supplementary healthcare for TIM Group employees) were confirmed for all the employees also after the merger with Vodafone Towers and the consequent exit of INWIT from under the control of TIM S.p.A.. The association, which is financed by its member companies, member workers and member retirees, continued to provide non-profit supplementary services to members and beneficiaries, in addition to those provided by the National Health Service. Such supplementary services include joint (with public healthcare facilities) healthcare studies, surveys and actions, both group and individual, together with the promotion of health education projects, aimed at safeguarding the physical well-being and health of members.

The ASSIDA reimburses executive managers for supplementary healthcare services (i.e. in addition to those provided by the National Health Service).

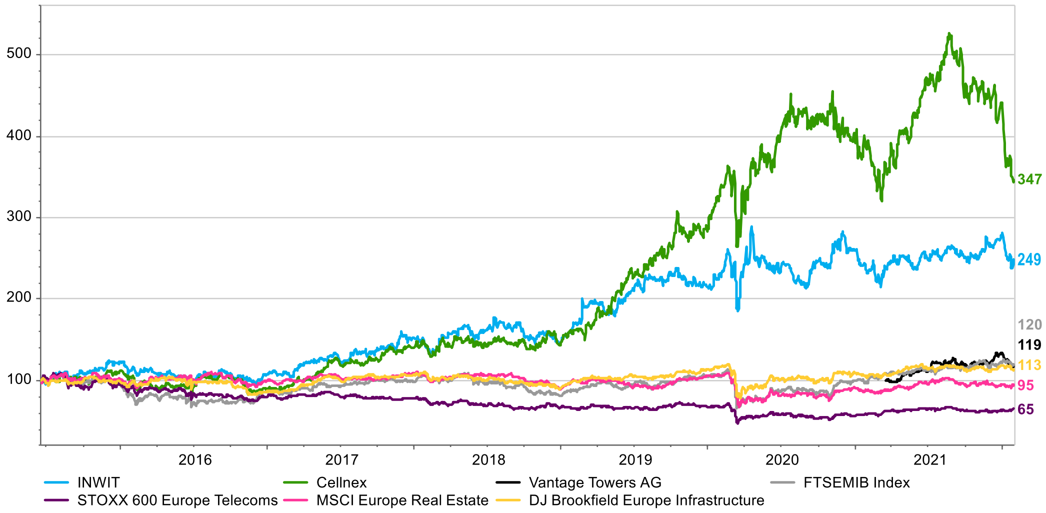
TELEMACO is the National Supplementary Pension Fund for employees of companies in the telecommunications industry. It was established in 1998 in the form of a no-profit association, and has been operative since October 2000; the aim is to guarantee member employees the same standard of living at the moment they retire, thanks to the creation of a supplementary pension scheme in addition to the State one.
It is designed for the white-collar and blue-collar workers, and the management, of those companies that apply the national collective employment contract for the telecommunications industry, for full-time workers, apprentices and workers entering the labor market, as well as those persons dependent on employees who pay in to the Fund.

The CRALT (The TIM Group Employees' Social Club), which INWIT continues to subscribe to after the merger, organizes trips and holidays, together with sporting, cultural and recreational events, for the employees of Companies in the TIM Group. The CRALT also enables members and their families to purchase goods and services at discounted prices/tariffs, with the benefit of paying for such in installments, through the stipulation of special agreements with the suppliers of such goods and services. In this regard, of particular note is the convention regarding, and the corresponding contribution toward the cost of, the school and university text books of members' children, which constitutes a valuable aid to families' spending capacity.

INFORMATION FOR INVESTORS

From September 22, 2015, INWIT traded on the MTA of Borsa Italiana (now called Euronext Milan), after a placement at a price of 3.65 euros per share. In 2020, five years after their first day of listing, INWIT's shares were included in the main Italian stock index, the FTSE MIB and the STOXX® Europe 600, made up of 600 of the companies with the largest market capitalization in Europe.

The following chart shows the performance of the stock in the period from the start of trading and January 30, 2022, in relation to a basket made up of Italian and European market indices and comparable companies.

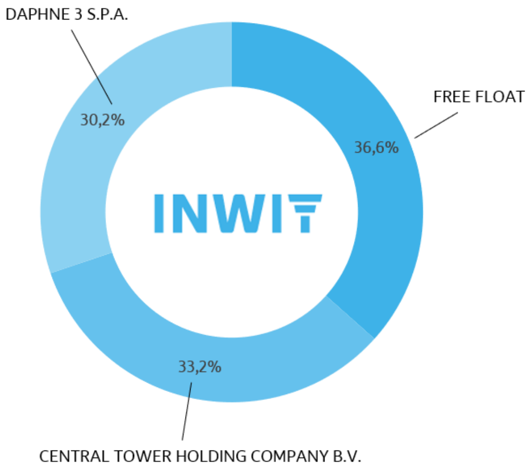


INWIT SHARE CAPITAL AT DECEMBER 31, 2021

Share capital	600,000,000 euros
Number of ordinary shares (without nominal value)	960,200,000
Market capitalization (based on average prices between 1/1/2021 and 12/31/2021)	9,120 million euros

SHAREHOLDERS

Shareholder structure at December 31, 2021



TREASURY SHARES

At December 31, INWIT owned 72,173 treasury shares which represent 0.012% of the share capital, purchased from 2020 for the 2020-2022 Long Term Incentive Plan and the 2020 Broad-Based Share Ownership Plan at an average price of 9.35.

The shares are deposited in a securities account held by Inwit S.p.A. with Intesa Sanpaolo S.p.A."

WAIVER OF THE OBLIGATION TO PUBLISH DISCLOSURE DOCUMENTS FOR EXTRAORDINARY OPERATIONS

On February 27, 2015 the Board of Directors of INWIT resolved to adopt the opt-out regime provided by Article 70 paragraph 8 and Article 71, paragraph 1-bis of Issuers' Regulation and exercised the option to waive the obligations to publish disclosure documents required under Annex 3B of the aforementioned Regulation in the event of significant transactions.

RELATED PARTY TRANSACTIONS

Pursuant to Article 5, paragraph 8, of Consob Regulation no. 17221/2010 concerning “transactions with related parties” and to the subsequent Consob Resolution no. 17389/2010, in 2021 there were no transactions of major significance, as defined by Article 4, paragraph 1(a) of the aforementioned regulation, or any other transactions with related parties, that had any significant impact on the Company’s financial position or results as at December 31, 2021.
Related party transactions, when not dictated by specific laws, were usually conducted at arm’s length; the transactions were subject to an internal procedure (available for consultation on the Company’s website at the following address: www.inwit.it, Governance section) which establishes procedures and time scales for verification and monitoring.
The information on related parties required by Consob Communication DEM/6064293 of July 28, 2006 is presented in the financial statements and in the Note “Related Parties” to the individual Financial Statements at December 31, 2021.

ALTERNATIVE PERFORMANCE MEASURES

In this Management Report at December 31, 2021 of INWIT, in addition to the conventional financial performance measures established by IFRS, certain alternative performance measures are presented for purposes of a better understanding of the Company's trend of operations and financial condition. Such measures, which are also presented in other periodical financial reports (annual and interim) should, however, not be construed as a substitute for those required by IFRS.

The alternative performance measures used are described below:

- **EBITDA**: this financial indicator is used by the Company as a financial target in internal presentations (business plans) and in external presentations (to analysts and investors). It represents a useful unit of measurement to assess the Company's operating performance in addition to EBIT. These measures are calculated as follows:

Profit (loss) before tax from continuing operations	
+	Financial expenses
-	Financial income
EBIT - Operating profit (loss)	
+/-	Impairment losses (reversals) on non-current assets
+/-	Losses (gains) on disposals of non-current assets
+	Amortization and depreciation
EBITDA - Operating profit (loss) before depreciation and amortization, Capital gains (losses) and Impairment reversals (losses) on non-current assets	

- **Net Financial Debt ESMA and Net Financial Debt INWIT**: the Net Financial Debt ESMA of the Company is calculated in accordance with the provisions of paragraph 127 of the recommendations contained in ESMA document no. 319 of 2013, implementing Regulation (EC) 809/2004, as shown below:

A Cash
B Other cash equivalents
C Securities held for trading
D Liquidity (A + B + C)
E Current financial receivables
F Current financial payables
G Current portion of financial payables (medium/long-term)
H Other current financial payables
I Current financial debt (F+G+H)
J Net current financial debt (I+D+E)
K Medium/long term financial payables
L Bonds issued
M Other non-current financial payables
N Non-Current financial debt (K+L+M)
O Net financial debt (J+N)

To monitor the performance of its financial position, INWIT also uses "INWIT net financial debt" as a financial indicator; it is defined as the ESMA net financial debt less receivables and non-current financial assets, where applicable.

ESMA net financial debt
Other financial receivables and non-current financial assets (*)
INWIT net financial debt

(*) This accounting item refers to loans granted to certain employees of the company.

- **Operating Free Cash Flow:** calculated as follows:

EBITDA
Capital expenditure
EBITDA - Capex
Change in trade receivables
Change in trade payables (*)
Other changes in operating receivables/payables
Change in provisions for employee benefits
Change in operating provisions and Other changes
Change in net operating working capital:
Operating free cash flow

(*) Except trade payables for investment activities.

Individual Financial Statements of Infrastrutture Wireless Italiane S.p.A. at December 31, 2021

Contents

INDIVIDUAL FINANCIAL STATEMENTS OF INFRASTRUTTURE WIRELESS ITALIANE S.P.A. AT DECEMBER 31, 2021

STATEMENT OF FINANCIAL POSITION

Assets

(euros)	*notes*	12.31.2021	*of which related parties*	12.31.2020	*of which related parties*
Assets					
Non-current assets					
Intangible assets					
Goodwill	5)	6,146,766,060		6,112,784,010	
Intangible assets with a finite useful life	6)	693,303,140		762,463,054	
Tangible assets					
Property, plant and equipment	7)	876,105,303		811,657,334	
Right-of-use assets	8)	1,077,771,013		1,140,401,201	
Other non-current assets					
Non-current financial assets	9)	1,361,645		1,495,011	
Miscellaneous receivables and other non-current assets	10)	296,505,375		431,313	
Total Non-current assets		9,091,812,536		8,829,231,923	
Current assets					
Trade and miscellaneous receivables and other current assets	10)	173,441,583	7,188,000	135,780,077	27,926,000
Financial receivables and other current financial assets	9)	270,975		208,211	
Cash and cash equivalents		96,320,094		120,207,049	
Total Current assets		270,032,652		256,195,337	
Total Assets		9,361,845,188		9,085,427,260	

Equity and Liabilities

(euros)	notes	12.31.2021	*of which related parties*	12.31.2020	*of which related parties*
Equity	12)				
Share capital issued		600,000,000		600,000,000	
Minus: treasury shares		(72,173)		(36,550)	
Share capital		599,927,827		599,963,450	
Share premium reserve		2,211,001,411		3,691,703,016	
Legal reserve		120,000,000		120,000,000	
Other reserves		1,361,178,693		(423,568)	
Retained earnings (losses) including earnings (losses) for the period		191,406,641		169,238,395	
Total Equity		4,483,514,572		4,580,481,293	
Liabilities					
Non-current liabilities					
Employee benefits	13)	2,909,257		2,643,217	
Deferred tax liabilities	14)	238,799,140		277,390,058	
Provisions for Risks and Charges	14)	229,133,812		220,960,752	
Non-current financial liabilities	15)	3,850,492,598	109,826,000	3,661,949,701	123,410,000
Miscellaneous payables and other non-current liabilities	17)	21,754,670	6,880,000	1,511,333	
Total Non-current liabilities		4,343,089,477		4,164,455,061	
Current liabilities					
Current financial liabilities	15)	300,577,291	6,612,000	171,670,146	17,954,000
Trade and miscellaneous payables and other current liabilities	17)	216,341,188	82,214,000	155,786,867	64,889,000
Provisions for Risks and Charges	14)	450,000		450,000	
Income tax payables		17,872,660		12,583,893	
Total current Liabilities		535,241,139		340,490,906	
Total liabilities		4,878,330,616		4,504,945,967	
Total Equity and Liabilities		9,361,845,188		9,085,427,260	

SEPARATE INCOME STATEMENT

(euros)	notes	Financial Year 2021	*of which related parties*	Financial Year 2020	*of which related parties*
Revenues	18)	785,149,790	687,129,000	663,407,600	588,742,000
Acquisition of goods and services - Ordinary expenses	19)	(44,190,760)	(6,678,000)	(33,459,618)	(14,658,000)
Acquisition of goods and services - Charges associated with extraordinary transactions		(506,351)		(6,711,309)	
Employee benefits expenses	20)	(18,421,840)	(1,953,000)	(18,176,946)	(2,061,000)
Other operating expenses - Ordinary expenses	21)	(5,121,221)	(1,325,000)	(1,278,532)	
Other operating expenses - Charges associated with extraordinary transactions		(2,028,390)	(2,028,000)	-	
Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)		714,881,228		603,781,194	
Amortization, gains/losses on disposals and impairment losses on non-current assets	22)	(360,131,609)		(313,081,410)	
Operating profit (loss) (EBIT)		354,749,619		290,699,784	
Financial income	23)	8,370		19,313	
Financial expenses	23)	(90,090,513)	(3,773,000)	(69,778,556)	(2,572,000)
Profit (loss) before tax		264,667,476		220,940,540	
Income taxes	24)	(73,271,800)		(64,273,773)	
Profit for the period		191,395,676		156,666,767	
Basic and Diluted Earnings Per Share	25)	0.199		0.180	

STATEMENT OF COMPREHENSIVE INCOME

(euros)		Financial Year 2021	Financial Year 2020
Profit for the period	(a)	191,395,676	156,666,767
Other items of the Statement of Comprehensive Income			
Other items that will not subsequently be reclassified in the Separate Income Statement		-	-
Remeasurements of employee defined benefit plans (IAS 19):			
Actuarial gains (losses)		(219,000)	(176,441)
Net fiscal impact		52,560	42,346
Total other items that will not subsequently be reclassified in the Separate Income Statement	(b)	(166,440)	(134,095)
Other items that will subsequently be reclassified in the Separate Income Statement		-	-
Total other items that will subsequently be reclassified in the separate income statement	(c)	-	-
Total other items of the Statement of Comprehensive Income	(d=b+c)	(166,440)	(134,095)
Total Comprehensive income for the period	(e=a+d)	191,229,236	156,532,672

CHANGES IN EQUITY

Changes in equity from January 1, 2020 to December 31, 2020

(euros)	Share capital	Treasury share reserve in excess of nominal value	Share premium reserve	Other reserves and earnings (losses) carried forward, including the result for the period	**Total Equity**
Amounts at January 1, 2020	**599,777,882**	**(1,215,210)**	**660,000,000**	**302,630,037**	**1,561,192,709**
Total Comprehensive income for the period	-	-	-	156,532,672	156,532,672
Dividends approved	-	-	(527,072,984)	(169,648,136)	(696,721,120)
Merger	-	-	3,558,776,000	-	3,558,681,760
Other changes	185,568	913,591	-	(398,127)	795,272
Values at December 31, 2020	**599,963,450**	**(301,619)**	**3,691,703,016**	**289,116,446**	**4,580,481,293**

Changes in equity from January 1, 2021 to December 31, 2021

(euros)	Share capital	Treasury share reserve in excess of nominal value	Share premium reserve	Other reserves and earnings (losses) carried forward, including the result for the period	**Total Equity**
Amounts at January 1, 2021	**599,963,450**	**(301,619)**	**3,691,703,016**	**289,116,446**	**4,580,481,293**
Total Comprehensive income for the period	-	-	-	191,229,236	191,229,236
Dividends approved	-	-	(118,821,605)	(169,227,395)	(288,049,000)
Other changes	(35,623)	(305,215)	(1,361,880,000)	1,362,073,882	(146,956)
Values at December 31, 2021	**599,927,827**	**(606,834)**	**2,211,001,411**	**1,673,192,169**	**4,483,514,573**

STATEMENT OF CASH FLOWS

(euros)		Financial Year 2021	Financial Year 2020
Cash flows from operating activities:			
Profit for the period		191,395,676	156,666,767
Adjustments for:			
Amortization, losses/gains on disposals and impairment losses on non-current assets		360,131,609	313,081,410
Net change in deferred tax assets and liabilities		(38,590,918)	(21,162,505)
Change in provisions for employee benefits		251,082	(623,963)
Change in trade receivables		38,101,973	76,343,608
Change in trade payables		(7,496,772)	(34,051,493)
Net change in miscellaneous receivables/payables and other assets/liabilities		(327,673,704)	(16,577,769)
Other non-monetary changes		1,698,000	12,954,999
Cash flows from operating activities	(a)	217,816,946	486,631,054
Cash flows from investing activities:			
Total purchases of tangible and intangible assets for the period and right-of-use assets (*)		(385,900,000)	(209,815,344)
Of which change in amounts due to fixed asset suppliers		217,521,000	120,514,103
Total purchases of tangible and intangible assets and rights of right-of-use assets on a cash basis		(168,379,000)	(89,301,241)
Purchase of investments		-	(2,140,000,000)
Change in financial receivables and other financial assets		70,602	22,242,143
Other non-current changes		-	-
Cash flows used in investing activities	(b)	(168,308,398)	(2,207,059,098)
Cash flows from financing activities:			
Change in current and non-current financial liabilities		213,728,042	2,471,318,160
Dividends paid (*)		(286,783,157)	(696,721,120)
Treasury shares acquired		(340,388)	(532,063)
Cash flows used in financing activities	(c)	(73,395,503)	1,774,064,977
Aggregate cash flows	(d=a+b+c)	(23,886,955)	53,636,933
Net cash and cash equivalents at beginning of the period	(e)	120,207,049	66,570,115
Net cash and cash equivalents at end of the period	(f=d+e)	96,320,094	120,207,049

(*) of which related parties

(euros)	Financial Year 2021	Financial Year 2020
Total purchases of tangible and intangible assets and rights of use on TIM assets	17,429,000	34,130,000
Total purchases of tangible and intangible assets and rights of use on Vodafone Italia assets	73,544,000	146,000
Dividends paid TIM	-	255,860,303
Dividends paid Vodafone Italia	-	255,860,303

On November 6, 2017, EU Regulation no. 2017/1990 was issued which implemented certain amendments to IAS 7 (Statement of cash flows) at the EU level. For this purpose please note that the liabilities arising from financing activities solely concern monetary movements. No change of this type was recorded in 2021.

NOTE 1 - FORM, CONTENT, AND OTHER GENERAL INFORMATION

FORM AND CONTENT

These Financial Statements of Infrastrutture Wireless Italiane S.p.A. ("**INWIT**" or the "**Company**") for the period from January 1, 2021 to December 31, 2021 (the "**Individual Financial Statements at December 31, 2021**") were prepared on a going concern basis (for more details, refer to Note 2 "Accounting Policies" below) and in compliance with the International Financial Reporting Standards issued by the International Accounting Standards Board and approved by the European Union ("**IFRS**"), as well as the laws and regulations in force in Italy (in particular, the provisions issued in implementation of Article 9 of Legislative Decree No. 38 of February 28, 2005).

INWIT was incorporated on January 14, 2015 and, following the merger by incorporation of Vodafone Towers S.r.l. ("**VOD Towers**") is jointly controlled by TIM S.p.A. ("**TIM**"), which directly or indirectly holds a 32.0% stake in the Company, and Vodafone Europe BV, which holds a 33.2% stake in the Company. INWIT is domiciled in Italy, with its registered office at via Gaetano Negri 1, Milan, and is organized according to the laws of the Italian Republic.

The figures at December 31, 2021 are compared with the figures from the statement of financial position at December 31, 2020. The figures from the separate income statement and from the statement of comprehensive income are compared with the figures for the corresponding periods of the previous financial year. The statements of cash flows and of changes in equity are compared with those for the corresponding periods of the previous financial year.

The figures as at December 31, 2020 shown in the financial statements for comparative purposes include nine months of the income data relating to the company Vodafone Towers S.r.l. The equity figures as at December 31, 2020 include the data relating to the Company following the merger with Vodafone Towers S.r.l., which took place in March 2020.

The Company's financial year-end is December 31.

The Financial Statements at December 31, 2021 were prepared in accordance with the general cost principle, except for the initial entering of financial assets and liabilities for which the application of the fair value principle is compulsory; also, they were prepared in euro. The values expressed in the notes to these financial statements are expressed in thousands of euros, unless otherwise indicated.

Publication of the Financial Statements at December 31, 2021 was approved by the Board of Directors' meeting on February 24, 2022.

The final approval of the separate financial statements of Infrastrutture Wireless Italiane S.p.A. rests with the Shareholders' Meeting

FINANCIAL STATEMENT STRUCTURE

The structure of the Financial Statements is in keeping with that provided for by IAS 1. Specifically:

- the statement of financial position has been prepared by classifying assets and liabilities according to the "current and non-current" principal;
- the separate Income Statement has been prepared by classifying operating costs according to their nature, in that this method of reporting is deemed better capable of representing the Company's specific business, complies with internal reporting methods, and is in line with practices in the industrial sector in question.
- The Income Statement includes, in addition to EBIT (Operating Earnings), the alternative performance indicator called EBITDA (operating earnings before amortization, depreciation, gains/(losses), and Impairment reversals (losses) on non-current assets).
- Specifically, the Company utilizes EBITDA, in addition to EBIT, as a financial target in internal presentations (business plans) and external presentations (to analysts and investors); the indicator represents a useful unit of measurement for the evaluation of INWIT's operating performance.

EBIT and EBITDA are calculated as follows:

Profit (loss) before tax from continuing operations	
+	Financial expenses
-	Financial income
+/-	Expenses (income) from investments
EBIT - Operating profit (loss)	
+/-	Impairment losses (reversals) on non-current assets
+/-	Losses (gains) on disposals of non-current assets
+	Amortization and depreciation
EBITDA - Operating profit (loss) before depreciation and amortization, Capital gains (losses) and Impairment reversals (losses) on non-current assets	

- the Statement of Comprehensive Income includes, besides the earnings (losses) for the period, as per the separate income statement, the other changes in Net Equity other than those connected to transactions with Shareholders;
- the Statement of cash flows was prepared by showing the cash flows deriving from operating activities in accordance with the "indirect method", as allowed by the IAS 7 (Statement of cash flows).

Furthermore, as required by CONSOB resolution no. 15519, of July 27, 2006, in the case of the separate income statement, income and expenses deriving from transactions which by their very nature do not regularly occur during normal business transactions (non-recurring transactions), are specifically identified and the corresponding effects on the main interim results are reported separately when of a significant entity. Specifically, non-recurring expenses/income include, for example: income/expenses deriving from the sale of properties, plants and machinery, business units and shareholdings; expenses deriving from corporate reorganization and rationalization processes/projects, including those connected to corporate transactions (mergers, demergers, etc.); expenses resulting from litigation and regulatory penalties, and to related liabilities; other provisions for risks and charges, and the corresponding write-offs; expenses for the settlement of disputes; impairment losses on goodwill and/or other intangible and tangible assets.

In regard, once again, to the aforementioned CONSOB resolution, the amounts of positions or transactions with related parties have been reported separately.

SEGMENT REPORTING

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- whose operating results are reviewed periodically by the top operating level of the entity (the Board of Directors for INWIT) in order to adopt decisions concerning the resources to be allocated and to assess the results; and
- for which discrete financial information is available.

The Company has identified only one operating segment (which also represents the level at which the goodwill is monitored by management and will be tested for impairment). Specifically, the management information note prepared and made available to the Board of Directors for the aforementioned purposes considers the business activity carried out by INWIT as a distinct entity; therefore, the financial statements do not contain any segment reporting. The geographical area coincides almost entirely with the territory of Italy.

NOTE 2 - ACCOUNTING POLICIES

The main accounting policies and the most significant valuation criteria utilized to prepare these financial statements are described briefly hereafter.

GOING CONCERN

The individual Financial Statements at December 31, 2021 have been prepared on a going concern basis as there is the reasonable expectation that the Group will continue its operational activities in the foreseeable future (and in any event with a time horizon of more than twelve months).

INTANGIBLE ASSETS

Intangible assets are constituted by identifiable non-monetary items devoid of physical being, that are controllable and are designed to produce future economic benefits. Such items are initially reported at purchase and/or production cost, inclusive of those directly attributable costs incurred in preparing the asset for use. Any financial expenses directly imputable to the acquisition, construction or production of an intangible asset requiring a prolonged period of time before it is ready for its intended use, or for sale, must be capitalized. Specifically, within the Company the following intangible assets may be identified:

Goodwill

Pursuant to IFRS 3 (Business Combinations), goodwill is recognized in the separate financial statements at the acquisition date (also through merger or contribution) of companies or business units and is determined as the difference between the consideration paid (measured according to IFRS 3 which is generally determined on the basis of fair value at the acquisition date) and the fair value at the acquisition date of identifiable assets acquired net of identifiable liabilities assumed.
Goodwill is classified in the statement of financial position as an intangible asset with an indefinite useful life, while any "gain deriving from a purchase at favorable prices (or negative goodwill)" is recorded in the separate income statement.

Intangible assets with a finite useful life

Intangible assets with a finite useful life, acquired or produced internally, are recorded as assets, in accordance with the provisions of IAS 38 (Intangible Assets), when it is likely that the use of the asset in question will generate future economic benefits, and when the cost of the asset may be calculated in a reliable way.
These assets are recorded at purchase or production cost, and amortized on a straight-line basis over their estimated useful lives; the amortization rates are reviewed annually, and are modified if the currently estimated useful life differs from that estimated beforehand. The effects of these modifications are accounted for in the separate income statement on the basis of future use.

TANGIBLE ASSETS

Owned property, plant and equipment are recorded at the cost of purchase or production. Those costs borne subsequent to purchase, are only capitalized if they result in an increase in the future economic benefits inherent in the good to which they refer. All other costs are posted in the separate income statement as they arise.
The cost of assets also includes the costs of disposal of the asset and of the restoration of the site when there is a legal or implied obligation to do so. The corresponding liability is recognized in a provision recognized under provisions for risks and charges at current value; the imputation to the separate income statement of the capitalized charge, takes place during the course of the useful life of the corresponding tangible assets, by means of the amortization of such assets.
The redetermination of the estimates of demolition costs, of time-discounting rates, and of the dates on which these costs are expected to be borne, is carried out annually at each balance sheet date. The variations in the aforementioned liabilities must be recognized as an increase or a reduction in the cost of the corresponding asset; the amount deducted from the value of an asset must not exceed the book value of that asset. Any excess is immediately recorded in the separate income statement, by agreement, under Amortization and Depreciation.
Amortization is calculated on a straight-line basis over the estimated useful lives of the assets. The amortization rates are reviewed annually, and are modified if the currently estimated useful life differs from that estimated beforehand. The effects of these modifications are accounted for in the separate income statement on the basis of future use.
Land, including that related to buildings, is not depreciated.

RIGHT-OF-USE ASSETS

In accordance with IFRS 16, lease liabilities are presented through the recognition of a financial liability in the statement of financial position at the present value of future lease payments, against the recognition of a right-of-use asset of the leased asset.
On the commencement date of the lease, the right-of-use asset is recognized at cost, including: the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, initial direct costs incurred in negotiating the lease and the present value of the estimated restoration or dismantling costs set out in the lease, less any incentives.

Future contractual lease payments are discounted using the implicit interest rate of the related contract. When the rate cannot be easily and reliably determined, the Company's incremental debt rate is used at the time the lease contract is initially recognized.

After initial recognition:

- the right-of-use is amortized on a straight-line basis over the term of the lease (or the useful life of the asset, if lower), subject to impairment and adjusted for any remeasurement of the lease liability;
- the financial liability increases for interest set aside in each period and decreases for payments made. Lease payments are then divided into a repayment of the liability component and an interest component. The interest component is recognized as a financial cost over the entire lease term and is determined on the basis of the effective interest rate method. In addition, the book value of the financial liability must be revalued to reflect any changes in the initial lease term, or to reflect subsequent changes in the amount of the contractual payments, resulting in a corresponding change in the related right of use.

REDUCTION IN THE VALUE OF INTANGIBLE AND TANGIBLE ASSETS

Goodwill

As previously indicated, goodwill is subject to an Impairment Test yearly, or more frequently if there are signs that the value of said goodwill may have fallen. The Impairment Test is conducted in regard to each unit generating cash flows ("***Cash Generating Units***", "***CGU***") to which goodwill has been assigned. Any reduction in value of goodwill is recorded if the recoverable amount of such is lower than its book value. Recoverable amount means the greater of the following two amounts: the fair value of the CGU, net of disposal costs, and the corresponding use value, meaning the current value of the estimated cash flows for said asset. In calculating the use value, future cash flows are time discounted using a pre-tax discount rate that reflects current market values of the cost of money in relation to the investment period and the specific risks of the assets. In the event that the reduction in value resulting from the impairment test is greater than the goodwill value allocated to the CGU, the remaining excess shall be allocated to the assets comprising the CGU in proportion to their book value. The minimum amount of said allocation shall be the highest of the following:

- the fair value of the asset net of selling costs;
- the use value as defined above;
- zero.

The original value of goodwill cannot be restored if the grounds for its reduction no longer exist.

Tangible and intangible assets with finite useful lives and right-of-use assets

At each reporting date, a test is carried out to ascertain whether there are any signs that the value of the tangible and intangible assets with a finite useful life has declined. To this end, both internal and external sources of information are taken into consideration. As regards the former (internal sources), the following factors are considered: the obsolescence or wear and tear of the asset, any significant changes in the use of the asset, and the economic performance of the asset compared to expectations. As regards external sources, the following factors are considered: the market price trend of the assets, any technological, market or regulatory changes, market interest rate trends or trends in the cost of capital used to appraise investments.

Should the presence of such indicators be identified, the recoverable amount of the aforesaid assets shall be estimated, and any depreciation compared to their book value shall be entered in the income statement. The recoverable amount of an asset is represented by the greater of the following two amounts: its fair value, net of ancillary costs of sale, and the corresponding use value, meaning the current value of the estimated future cash flows for said asset. In calculating the use value, future cash flows are time discounted using a pre-tax discount rate that reflects current market values of the cost of money in relation to the investment period and the specific risks of the assets. In the case of an asset that does not generate separate cash flows, the recoverable amount is calculated in relation to the Cash Generating Unit to which said asset belongs.

A loss in value is recorded in the income statement if the book value of the asset, or of the corresponding CGU to which the asset is allocated, is greater than its recoverable amount. Reductions in the value of a CGU are imputed, firstly, to a reduction in the book value of any goodwill assigned to said CGU, and thus to the reduction in the value of the other assets, in proportion to their book value and within the limits of the corresponding recoverable amount. If the grounds for a previous write-down no longer exist, then the book value of the asset is restored, and this is recorded in the income statement, within the limits of the net book value that the asset in question would have had if the write-down had not been performed, and the corresponding amortization had been carried out.

FINANCIAL INSTRUMENTS

Receivables and loans

The receivables and loans included among both the current assets and the non-current assets are initially recorded at fair value and subsequently valued at amortized cost.

Cash and cash equivalents

Cash and cash equivalents are recorded at either book value or at amortized cost, depending on their nature. Cash and cash equivalents represent short-term, highly liquid financial assets that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, the original maturity of which, at the time they were acquired, is no more than 3 months.

Change in the value of financial assets

At each reporting date, tests are carried out to ascertain whether there is any objective evidence that the value of a financial asset or group of assets has declined. If objective evidence of such exists, the reduction in value is recorded in the separate income statement for financial assets valued at cost or amortized cost.

Financial liabilities

Financial liabilities include financial debts and other financial liabilities. In accordance with IFRS 9, they also include trade and other payables. Financial liabilities are initially recorded at fair value and are subsequently recorded at amortized cost.

EMPLOYEE BENEFITS

Provision for employee severance indemnities (TFR - *Fondo per il Trattamento di Fine Rapporto*)

The provision for severance indemnities due to employees under Article 2120 of the Italian Civil Code ("TFR"), falls within the employee defined benefit plans. In such plans, the amount of the benefit to be paid to the employee can only be quantified after termination of that employee's employment, and is linked to one or more factors, such as age, years of service and salary; thus the corresponding charge is determined by means of an actuarial calculation. The liability recorded in the financial statements for fixed benefit plans corresponds to the current value of the liability at the date of the financial statements. Liabilities for fixed benefit plans are calculated annually by an independent actuary, using the projected unit credit method. The actuarial gains and losses deriving from the changes in the actuarial assumptions are recognized in the statement of comprehensive income.
As of January 1, 2007, the 2007 Finance Act and the corresponding implementing decrees, have introduced important changes to the way TFR is regulated, including the employee's choice of use of his/her own TFR as it falls due. Specifically, the new flows of TFR may be directed by the employee toward selected forms of pension plan, or may be kept in the company. In the event that the employee decides to assign TFR to independent pension schemes, the company is only bound to make a contribution to the chosen pension fund, and starting from that date, the newly matured quotas shall take the form of fixed contribution plans not subject to actuarial assessment.

BENEFIT PLANS IN THE FORM OF EMPLOYEE STOCK OPTIONS

Employee stock option plans are recorded in accordance with IFRS 2 (Share-based payments). The value of the bonus shares, that are to be assigned to those employees participating in the stock option plan, is recorded in the separate income statement, with an equity provision as an offsetting entry.

PROVISIONS FOR RISKS AND CHARGES

The Company records provisions for risks and charges when, in the presence of a current liability, either legal or implied, to third parties as the result of a past event, it is probable that funds will have to be used to meet the liability, and a reliable estimate of the entity of the liability itself will be called for when possible.
When the financial effect of the passing of time is significant, the payment dates of the liabilities are reliably estimable, the allocation is determined by time-discounting the expected cash flows calculated bearing in mind the risks associated with the liability; the increase in the provision related to the passage of time is reported in the separate income statement under “Financial expenses”.

TREASURY SHARES

Treasury shares are recognized as a deduction from equity. In particular, the treasury shares are reported as a deduction from the share capital issued in the amount corresponding to the “accounting par value”, that is the ratio of total share capital and the number of issued shares, while the excess cost of acquisition over the accounting par value is presented as a deduction from “Other reserves and retained earnings (accumulated losses), including profit (loss) for the year”.

REVENUES

Revenues represent the gross flows of economic benefits for the financial period, deriving from ordinary operations. Amounts collected on behalf of third parties such as sales taxes, goods and services taxes and value added taxes, are not economic benefits enjoyed by the Company, and do not result in an increase in equity. For this reason they are not included in Revenues. Revenues are only recorded when it is likely that the Company will receive economic benefits, and the entity of such benefits can be reliably calculated; they are represented net of discounts, allowances and returns.
In those cases when the Company acts as agent, or when the risks and benefits of a transaction are essentially borne by a third party, the revenues are recorded net of the corresponding share collected on behalf of the third party.

RECOGNITION OF COSTS

Costs are recorded in the income statement on an accrual basis.

The rental installments relating to operating leasing agreements, or those leases where the lessor essentially bears all the risks and receives all the benefits associated with ownership of the property, are recorded in the separate income statement on a straight-line basis during the years of the leasing agreement’s duration.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses are recognized on an accrual basis and include: interest accrued on the related financial assets and liabilities using the effective interest rate method.

DIVIDENDS

Dividends payable to third parties are reported as a change in equity in the year in which they are approved by the shareholders' meeting.

TAXES

Income taxes include the taxes calculated on the Company's taxable income. Deferred taxes are recorded according to the (balance sheet liability method). They are calculated on all temporary differences that emerge between the tax base of assets and liabilities, and the corresponding book values recorded in the individual financial statements. Deferred tax assets resulting from unused tax losses that may be carried over, are recorded insofar as future taxable income is foreseeable against which such losses may be recovered. Tax assets and liabilities are offset separately for current taxes and deferred taxes, when incomes taxes are levied by the same tax authority, and there is legal entitlement to offsetting. Deferred tax assets and liabilities are calculated by adopting the tax rates that are foreseen to be applicable in the financial years in which the temporary differences cancel each other out.
The other taxes unrelated to income are included under "Other operating expenses".

USE OF ACCOUNTING ESTIMATES

The preparation of the separate financial statements and related notes, in accordance with the IFRS, requires company management to make estimates and assumptions based also on subjective judgments, past experience and hypotheses considered reasonable and realistic in relation to the information known at the time of the estimate. Such estimates have an effect on the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the amount of revenues and costs during the period. Actual results could thus differ, even significantly, from such estimates owing to possible changes in the factors considered in the determination of such estimates. Estimates are reviewed periodically.

The most important accounting estimates, entailing a considerable use of subjective views and assumptions, are set out below.

Financial statement area	Accounting estimates
Reduction in value of goodwill	Verification of the reduction in value of goodwill is performed by comparing the book value of the cash generating units and their recoverable value; the later value is represented by the greater of fair value less sale costs, and the use value of the same unit. This complex evaluation process implies, among other things, the use of methods such as discounted cash flow with the related assumptions on the estimate of cash flows. The recoverable value depends significantly on the discount rate used in the time-discounted cash flows model, on the expected future cash flows, and on the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable value for the various cash-generating units, including a sensitivity analysis, are detailed in the Note "Goodwill".
Reduction in value of tangible and intangible assets with finite useful lives and right-of-use assets	At the end of each reporting period, the company assesses whether there is any indication that an asset – whether tangible or intangible with finite useful lives or its right-of-use – may be impaired. To this end, both internal and external sources of information are taken into consideration. The identification of impairment indicators, the estimate of future cash flows and the determination of the fair value of each asset requires the Company's Management to make significant estimates and assumptions concerning the determination of the discount rate to be applied, the useful life and the residual value of the assets. These estimates can have a significant impact on the fair value of the assets and on the amount of any write-downs.
Lease liabilities and right-of-use assets	The value of the lease liability and the corresponding right of use is determined by calculating the present value of lease payments and is influenced by various estimates, including principally the estimate of lease term and the discount rate of the related payments. To this end, the management considers all facts and circumstances that create an economic incentive to exercise renewal options or not to exercise termination options. Periods covered by renewal or termination options are included in the lease term only if it is reasonably certain that the lease will be extended (or not terminated). The lease term is revalued if an option is actually exercised (or not exercised). The measurement of reasonable certainty is reviewed if a significant event or significant change in circumstances occurs, which affects this measurement, and which is under the control of the lessee. Lease liability is also estimated on a portfolio basis for leases of a similar nature and for which the result of applying the portfolio approach is expected to be very similar to a lease by lease approach. The use of these estimates is subject to potential future changes based on the actual evolution of some dynamics that may influence management estimates.
Capitalization / deferral of costs	The process of capitalization / deferral of internal and external costs is characterized by certain estimation / evaluation elements; in particular, the evaluation of: i) probability that the amount of capitalized costs will be recovered through the related future revenues; and ii) effective increase in future economic benefits inherent in the asset to which they refer.
Bad debt provision	Impairment on trade receivables and on the contract assets is carried out using the simplified approach that involves estimating the loss expected over the life of the receivable at the time of initial recognition and on subsequent measurements. For each customer segment, the estimate is principally made by calculating the average expected uncollectibility, based on historical and statistical indicators, possibly adjusted using forward-looking elements. For some categories of receivables characterized by specific risk elements, specific measurements are made on individual credit positions.
Amortization and depreciation	Changes in the economic conditions of the markets, technology and the competitive scenario could significantly affect the useful life of non-current tangible and intangible assets and may result in a difference in the timing of the amortization process and therefore in the amount of depreciation costs.
Appropriations, potential liabilities and employee provisions	As far as regards provisions related to the fund for recovery costs, the estimate of the future cost of dismantling the asset and restoring the Site, is a complex process requiring the evaluation of the liabilities deriving from dismantling and restoration obligations that are often not fully specified by law, administrative regulations or contractual clauses, and that in general are to be met over the course of several years. The accruals related to legal, arbitration and fiscal disputes as well as regulatory proceedings are the result of a complex estimation process based upon the probability of an unfavorable outcome. Allocations related to employee provisions, and in particular the provision for employee severance indemnities, are determined on the basis of actuarial assumptions. Changes in those actuarial assumptions could have significant effects on these provisions.
Revenues	The recognition of revenues is influenced by estimates of the amount of discounts, rebates and returns to be reported as a direct adjustment to revenues, as well as the methods for defining individual product or service stand alone selling prices and for determining the duration of the contract when there are renewal options.

Income taxes (current and deferred)	Income taxes (current and deferred) are determined according to a prudent interpretation of the tax regulations in force. This process sometimes involves complex estimates in determining taxable income and temporary deductible and taxable differences between accounting and tax values. In particular, deferred tax assets are recognized insofar as future taxable income is foreseeable against which such losses may be recovered. The assessment of the recoverability of deferred tax assets, recognized in relation both to tax losses that may be used in subsequent years and to temporary deductible differences, takes into account the estimate of future taxable income and is based on prudent tax planning.

NEW STANDARDS AND INTERPRETATIONS INCORPORATED BY THE EU AND IN EFFECT SINCE JANUARY 1, 2021

Pursuant to IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), the IFRS in effect since January 1, 2021 are indicated and briefly described hereafter.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform - Phase 2

Commission Regulation (EU) 2021/25, of January 13, 2021, has been published (Official Journal of the EU L 11, of January 14, 2021), containing amendments to Regulation (EC) no. 1126/2008 adopting certain international accounting standards.

The Commission has deemed it appropriate to amend the aforementioned Regulation in order to take into account the changes already introduced on August 27, 2020 by the International Accounting Standards Board with the aforementioned publication.

The amendments outline a specific accounting treatment capable of allocating over time changes in the value of financial instruments or leases resulting from the effective replacement of existing interest rate benchmarks with alternative benchmark rates. The purpose of the amendments to the standards is to avoid an immediate impact on profit or loss for the year and possible termination of hedging relationships.

Below is a summary of the thematic areas that are being amended and supplemented by Regulation (EC) 25/2021, referring to the international standards affected by the reform of the benchmark rates.

IAS 39 "Financial instruments: recognition and measurement" and IFRS 9 - "Financial instruments"

The changes affect the basis for determining contractual cash flows; cash flow hedges and net investment hedges; Designation of risk components; Accounting for hedging transactions and assessment of retroactive effect.

IFRS 7 "Financial Instruments: additional information"

Additional disclosures are provided such as the nature and extent of risks arising from financial instruments and progress in completing the transition to alternative benchmark rates.

IFRS 4 "Insurance Contracts"

Provisions are introduced for an insurer applying the temporary exemption from IFRS 9, and changes are made to the basis for determining contractual cash flows.

IFRS 16 "Leases"

The amendments affect the change in the basis for determining future lease payments and lease accounting, as well as the retroactive application of the amendments.

These changes must be applied from January 1, 2021.

Amendments to IFRS 4 “Insurance Contracts” - Difference from IFRS 9

Regulation (EU) 2020/2097 amends Regulation (EC) no. 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard IFRS 4 - Insurance Contracts.

The amendments are intended to address the accounting consequences of the mismatch between the effective date of IFRS 9 – Financial Instruments and the effective date of the future IFRS 4 – Insurance Contracts.

The adoption of these amendments had no impact on the individual financial statements at December 31, 2021.

Amendments to IFRS 16 - Leases on Covid-19-Related Rent Concessions after June 30, 2021

In March 2021, the IASB published an amendment entitled “Covid-19-Related Rent Concessions beyond June 30, 2021 (Amendments to IFRS 16)” which allows for a one-year extension to the period of application of the amendment to IFRS 16, issued in 2020, for the recognition of lease concessions granted as a result of Covid-19.

The changes introduced by this new amendment, which was approved by the European Union on August 31, 2021, are applicable from April 1, 2021. The amendment has no impact on landlords.

The Covid-19 related amendments to IFRS 16 Leases have not significantly affected the individual financial statements at December 31, 2021, and no significant consequences are anticipated in the coming years.

NEW STANDARDS AND INTERPRETATIONS ISSUED BY THE IASB BUT NOT YET APPLICABLE

As at the date of these Financial Statements, the following new Standards/Interpretations have been issued by the IASB, but are not yet applicable.

	Mandatory application starting from
Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, contingent liabilities and contingent assets; Annual improvements - 2018-2020 cycle	*January 1, 2022*
Amendments to IAS 1 Presentation of the financial statements: classification of liabilities as current or non-current	*January 1, 2023*
Amendments to IAS 1 Presentation of the financial statements: Information on accounting policies	*January 1, 2023*
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of accounting estimates	*January 1, 2023*
IFRS 17 (Insurance contracts), including amendments to IFRS 17	*January 1, 2023*
Amendments to IAS 12 Income taxes: Deferred taxes relating to assets and liabilities arising from a single transaction	*January 1, 2023*

The potential impacts on the Company's individual financial statements from application of these new standards and interpretations are currently being assessed.

NOTE 3 - FINANCIAL RISK MANAGEMENT AND COVID-19 IMPACTS

During its everyday operations, the Company may be exposed to the following financial risks:

- market risk: deriving from exposure to the fluctuation of rates, linked to the financial assets generated and to the financial liabilities assumed;
- credit risk: representing the risk of non-fulfillment of obligations undertaken by the counterparty with regard to the Company's liquidity investments;
- liquidity risk: connected with the need to meet short-term financial commitments.

MARKET RISK

The market risk consists in the possibility that changes of the interest and exchange rates or of the rating of the counterparts with which liquidity is utilized, could impact negatively on the value of the assets, liabilities, or expected cash flows.

Interest rate risk

The Company's fixed-interest financial payables at December 31, 2021 refer to the 1 billion euros nominal corporate bond issued in July 2020, the 750 million euro corporate bond issued in October 2020, the 500 million euro nominal value bond issued in April 2021. The fixed rate component also consists of several uncommitted bank lines, bank debt of 40 million euros deriving from the loan agreement and the loan agreement for 250 million euro signed with the European Investment Bank in August 2021.

On the other hand, the zero-floor EURIBOR-indexed variable-rate component refers to the 500 million euro revolving credit line which represents the only existing line of the loan taken out in December 2019 with a syndicate of banks to acquire the investment in Vodafone Towers. The variable rate component also derives from a 500 million euro ESG KPI-linked loan agreement signed in April 2021.

In view of the foregoing, the Company did not deem it necessary to take out interest rate hedging derivatives.

Exchange rate risk

The Company operates exclusively in euros and therefore, is not exposed to exchange rate risk.

CREDIT RISK

The Company's exposure to credit risk consists of the potential losses that could derive from the failure of the counterparts, both commercial and financial, to fulfill the obligations undertaken. Such exposure mainly stems from general economic and financial factors, the potential occurrence of specific insolvency situations of some borrowers and other more strictly technical-commercial or administrative factors. The maximum theoretical exposure of the Company to credit risk is the book value of the financial assets and trade receivables recorded in the financial statements.

The Company's main clients are TIM and Vodafone, which generated total revenues of 687,129 thousand euros during the reference period, which is equal to 87.5% of the total revenues at December 31, 2021. The other customers of the Company are the leading national mobile operators with which the Company has entered into multi-year contracts to provide hosting services.

Therefore, the Company is exposed to the risk of concentration of revenues and to credit risk arising from the possibility that its commercial counterparts are not capable or able to meet their obligations. The Company is also exposed to the solvency risk of the financial counterparty with which it carries out transactions for the use of liquidity deriving from the bank's inability to deal with the repayment transactions of the sums used by the Company. The possible default by one of its commercial and financial counterparts could involve negative effects on the income, balance sheet, and financial situation of the Company. With regard to counterparty risk, formalized procedures for the assessment and assignment of commercial and financial partners are adopted for credit management and financial risk management.

LIQUIDITY RISK

To meet its liquidity needs, the Company has uncommitted bank lines and a 500 million euro revolving credit facility (RCF) taken out in December 2019 with a pool of national and international banks and maturing in March 2025. This credit line is to be used to support working capital and for general cashflow needs. As at December 31, 2021, this RCF had not been drawn down while the uncommitted bank lines have been drawn down by 130 million euros.

COVID-19 IMPACTS

The Covid-19 health emergency has led to a contraction of the economy, with potentially negative effects on the Company's earnings, cash flows and financial position. The rapid spread of Covid-19 since March 2020 and the consequent public health emergency continue to generate uncertainty about economic prospects both in Italy and globally.

The Company has mapped out the risks associated with Covid-19, its potential impact and the probability of these risks occurring.

The potential impact risks to the Company's business can be summarized as follows:

- negative impacts on short-term prospects in revenue and profit margin trends for some types of services offered, with particular reference to services related to connectivity with the economic sectors most affected by the pandemic;
- delays in the provision of services by the Company's strategic suppliers (e.g. maintenance or construction of new sites), permits from various public administrations, orders from customers;
- increase in data traffic on the mobile networks of the Company's main customers, which could require mobile telephone operators to invest more heavily in network capacity and coverage, leading to a greater financial commitment by network operators;

Following an overall assessment of the potential risks indicated above, it is believed that the impacts on the current or future results of the Company are not significant. A similar conclusion can be reached in relation to the market, credit and liquidity risks described in the paragraphs above.

It should also be noted that the ongoing pandemic has resulted in a general acceleration of digitization processes and a significant increase in data traffic on the networks of the Company's main customers, which translates to favorable dynamics in demand for the services offered by the Company.

CLIMATE CHANGE RISKS

The following Physical Risks due to climate change have been identified:

- *Extreme weather phenomena* and *Distribution of annual precipitation*. For INWIT, these risks may be higher for rooftop sites, and lower for rawland sites. They could also result in service interruption and harm to property and people.
- *Increased temperatures*, could result in higher energy requirements for cooling sites with indoor equipment.
- *Sea level rise* of 3%, could affect solely the rawland sites of the coastal area of Emilia and Veneto.

In addition, the following Transition Risks have been identified:

- *Increased cost of technology*. This risk would result in INWIT having to adapt infrastructure assets (piling, power supply and air conditioning).
- *Increased fossil fuel electricity prices*. The company monitors this risk through the implementation of a specific process guided by a dedicated unit, aimed at managing issues relating to energy procurement.

The objective of the methodology being adopted by INWIT is to identify climate-related risks deriving from the scenarios analyzed, in addition to qualitatively assessing their effects and impacts on its business.

Starting from 2020 INWIT has also initiated a process designed to implement a modern and sustainable business, by launching activities and projects aimed fully integrating sustainability into the company and creating value over the long term. In the pursuit of carbon neutrality, in 2021 INWIT drew up and approved its Climate Strategy, as envisaged in the Sustainability Plan, identifying the actions, initiatives and targets to be used as the basis for a solid objective of carbon neutrality by 2024.

FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

For the purpose of providing information to allow a comparison between the book value and fair value of the financial instruments (required by IFRS 7), it is pointed out that the following assumptions were made to determine the fair value:

- for variable-rate loans: the nominal repayment amount has been assumed;
- for trade payables and receivables and for current financial assets and liabilities, it is believed that their book value is a reasonable approximation of their fair value.

The table below shows the assets and liabilities at December 31, 2021 on the basis of the categories contained in IFRS 9.

Carrying amount for each IFRS 9 class of financial asset/liability at December 31, 2021

(thousands of euros)		12.31.2021	Amounts recorded in the financial statements pursuant to IFRS 9			
			Amortized cost	*Cost*	*Fair value recognized in equity*	*Fair value recognized in the income statement*
ASSETS						
Non-current assets						
Non-current financial assets						
of which loans and receivables		1,362	1,362			
	(a)	1,362	1,362			
Current assets						
Trade and miscellaneous receivables and other current assets						
of which loans and receivables		88,193	88,193			
Financial receivables and other current financial assets						
of which loans and receivables		271	271			
Cash and cash equivalents		96,320	96,320			
	(b)	184,784	184,784			
Total	(a+b)	186,146	186,146			
LIABILITIES						
Non-current liabilities						
Non-current financial liabilities						
of which liabilities at amortized cost		3,850,493	3,850,493			
	(c)	3,850,493	3,850,493			
Current liabilities						
Current financial liabilities						
of which liabilities at amortized cost		300,578	300,578			
Trade and miscellaneous payables and other current liabilities						
of which liabilities at amortized cost		174,787	174,787			
	(d)	475,365	475,365			
Total	(c+d)	4,325,858	4,325,858			

NOTE 4 – BUSINESS COMBINATIONS

ACQUISITION OF VODAFONE ITALIA SPA BUSINESS UNIT

On October 21, 2021 an agreement was finalized for the acquisition of a business unit from Vodafone Italia S.p.A. the “Tunnel” Project), with an effective date of November 1, 2021, made up of a set of assets consisting of radioelectric systems covering approximately 1,000 km of road and freeway tunnels and DASs (Distributed Antenna Systems) and the related legal relationships and agreements.

The acquisition positions INWIT as a national long-term connectivity player in the road segment and is part of the process of digitalization in support of smart roads, which will require IoT systems to acquire and transmit information on the condition of the road infrastructure and monitor safety conditions. It also as strengthens the company’s role in the indoor coverage (DAS) market.

The purchase price for the Vodafone Italia S.p.A. business unit was 72,500 thousand euros. At the execution date, the sets of assets transferred to the company represented around 94.5% of the total assets for a value of 67,613 thousand euros. With regard to the additional sets of assets not transferred, the conditions precedent for the finalization of the overall agreement will be examined.

The purchase of the business unit has been accounted for as a business combination, whose accounting treatment is governed by IFRS 3.

As required by IFRS 3, the Company determined the fair value on the Acquisition Date:

- of the consideration for the acquisition (the “**Acquisition Consideration**”);
- of the identifiable assets acquired, of the liabilities and contingent liabilities assumed (with the exception of deferred tax assets and liabilities and employee benefit assets and liabilities).

The following table shows a comparison between the book value of the Vodafone Italia S.p.A. business unit at the Acquisition Date (based on the carve-out financial statements of Vodafone Italia for the period ended October 31, 2021) and the fair value at that date, determined pursuant to paragraph 45 of IFRS 3.

(thousands of euros)		Vodafone Italia Business Unit book values at the Acquisition Date	IFRS adjustments	FV adjustment	Fair value
Non-current assets		4,788	15,282	28,843	48,913
Of which Intangible assets		-	-	*16,331*	*16,331*
Vodafone agreement				*16,331*	*16,331*
Of which Tangible assets		*4,788*	*3,653*	*9,632*	*18,073*
Of which Rights of use on third-party assets		-	*11,629*	*2,880*	*14,509*
Total assets	(a)	4,788	15,282	28,843	48,913
Total non-current liabilities	(b)	-	- 13,096	-	- 13,096
Of which Non-current financial liabilities		-	- *9,444*		- *9,444*
Of which Provisions for risks and charges			- *3,653*		- *3,653*
Total current liabilities	(c)	-	- 2,186	-	- 2,186
Of which Current financial liabilities		-	- *2,186*		- *2,186*
Total liabilities	(b+c)	-	- 15,282	-	- 15,282
Net assets acquired	(a+b+c)	4,788	-	28,843	33,631

The following table shows the goodwill recognized in the financial statements following the acquisition, calculated by comparing the Consideration for the Acquisition against the fair value of the acquired net assets at the Acquisition Date.

(values in thousands of euros, unless otherwise indicated)	
Consideration for acquisition	67,613
Interim fair value of net assets acquired	33,631
Interim goodwill	33,982

The interim fair value of net assets consists of:

- 14,420 thousand euros for tangible assets
- 16,331 thousand euros for intangible assets relating to the agreements with Vodafone
- 2,880 thousand euros for right-of-use assets relating to the back-to-back agreement.

Given the timing of the transaction, completed close to the end of the year, the procedures for determining the fair value of the acquired identifiable assets, the liabilities and the potential liabilities assumed are still in progress and changes with respect to the figures reported above will be incorporated in the financial statements as soon as available and in any event within 12 months from the Acquisition Date. In particular, the goodwill estimate may change with respect to that shown in the previous table due to the definition of the fair value of the identifiable assets acquired and identifiable liabilities assumed, again on the Acquisition Date. The change in the value of the net assets acquired following the valuation of the same at the relative fair value and the determination, where applicable, of the related residual useful lives of the assets acquired, would entail, among other things, the restatement of amortization and depreciation that will be recognized in the periods subsequent to the Acquisition Date.

The pro forma effects on total revenues and costs for the entire 2021 financial year have not been identified as the assets and liabilities of the acquired business unit were held within Vodafone Italia S.p.A., without having placed a specific value on the internal income attributable to the business unit.

The total costs relating to the acquisition amounted to 2,535 thousand euros and were expensed in the income statement for the year 2021.

NOTE 5 – GOODWILL

At December 31, 2021, goodwill stood at 6,146,766 thousand euros, with the following changes:

(thousands of euros)	12.31.2019	Merger	Other changes	12.31.2020
Goodwill	1,411,770	4,701,014	-	6,112,784
Total	**1,411,770**	**4,701,014**	**-**	**6,112,784**

(thousands of euros)	12.31.2020	Additions	Other changes	12.31.2021
Goodwill	6,112,784	33,982	-	6,146,766
Total	**6,112,784**	**33,982**	**-**	**6,146,766**

The change in 2021 was entirely attributable to the effects of the acquisition of the Vodafone Italia business unit, as described in Note 4 "Business combinations", above.

In accordance with IAS 36, goodwill is not subject to amortization, but is tested for impairment at least annually or more frequently if specific events or circumstances arise leading to the presumption of such impairment.

For the purposes of the impairment test, goodwill is allocated to CGUs, or groups of CGUs, in accordance with the upper merger threshold, which may not exceed the business sector identified for the purposes of IFRS 8. Goodwill is allocated to the Integrated Management of the Sites, which is the main sector of activity in which the Company operates and is considered the minimum level at which goodwill is monitored for internal control purposes.
The impairment test consists of comparing the recoverable value of the Cash Generating Units - CGU to which the goodwill has been allocated, with the carrying amount of their operating assets including goodwill. The recoverable value is the greater of the following: the use value (current value of expected earnings) and the fair value less costs of disposal.

The configuration of the value used to determine the recoverable value is the fair value less costs of disposal and is based on the stock market capitalization of the Company, appropriately adjusted to determine the fair value of the CGU to which the goodwill is allocated.
The impairment test conducted on December 31, 2021, failed to reveal any impairment loss, since the recoverable value of the CGU was much greater than its book value.

The difference between the fair value and the corresponding net book value at December 31, 2021, is as follows:

(millions of euros)	
Difference between use values and book values	+5,771

With regard to the results of the sensitivity analyses, the variation required in order to render the recoverable value equal to the book value, is -56.3% of the share's value, that is, 4.67 euros per ordinary share.

The company took advantage of the possibility of realigning the goodwill value of 1,404,000 thousand euros, as provided for by Legislative Decree 104/2020, Art. 110, paragraph 8bis (converted by Law 178/2020); against the payment of a substitute tax equal to 3% of the realigned value (42,120 thousand euros), it can deduct the tax amortization of the realigned value over 50 years (as amended following the 2022 Budget Act) starting from the current year.

As regards the goodwill generated by the incorporation of Vodafone Towers, the company opted to free up a share equal to 2,000,000 thousand euros as provided for by Art. 15 of Legislative Decree 185/2009. The payment of a substitute tax equal to 16% of the freed value (320,000 thousand euros) allows the deduction in 5 years, starting from 1/1/2022, from the tax amortization of the freed value.

NOTE 6 – INTANGIBLE ASSETS WITH A FINITE USEFUL LIFE

Intangible assets with a finite useful life comprised the following, with the following changes:

(thousands of euros)	12.31.2019	Merger	Additions	Amortization and depreciation	Other changes	12.31.2020
Patent rights and utilization of intellectual property	848	194	2,891	(899)	5,243	8,277
Other intangible assets	-	-	-	(76,050)	811,199	735,149
Intangible assets under development and advances	10,197	48	14,866	-	(6,074)	19,037
Total	**11,045**	**242**	**17,757**	**(76,949)**	**810,368**	**762,463**

(thousands of euros)	12.31.2020	Additions	Amortization and depreciation	Other changes	12.31.2021
Patent rights and utilization of intellectual property	8,277	3,164	(3,245)	2,005	10,201
Other intangible assets	735,149	16,331	(101,570)	-	649,910
Intangible assets under development and advances	19,037	22,357	-	(8,202)	33,192
Total	**762,463**	**41,852**	**(104,815)**	**(6,196)**	**693,303**

The additions for the period totaled 41,852 thousand euros and mainly related to Project “Tunnel”, as described in more detail in Note 4 “Business combinations” above, IT Solutions projects and other intangible investments.

NOTE 7 – PROPERTY, PLANT AND EQUIPMENT

OWNED PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment comprised the following, with the following changes:

(thousands of euros)	12.31.2019	Merger	Additions	Disposals	Amortization and depreciation	Other changes	12.31.2020
Land	30,057	-	18,373	-	-	146	48,576
Plant and equipment	209,484	486,403	23,310	-	(58,230)	13,197	674,164
Manufacturing and distribution equipment	11	-	-	-	(5)	-	6
Other goods	97	60	3	-	(78)	5	87
Construction in progress and advance payments	49,086	6,313	47,563	-	-	(14,138)	88,824
Total	**288,735**	**492,776**	**89,249**	**-**	**(58,313)**	**(790)**	**811,657**

(thousands of euros)	12.31.2020	Additions	Disposals	Amortization and depreciation	Other changes	12.31.2021
Land	48,576	1,139	-	-	1,371	51,086
Plant and equipment	674,164	101,799	(2,244)	(71,527)	53,590	755,782
Manufacturing and distribution equipment	6	-	-	(5)	-	1
Other goods	87	99	-	(49)	225	362
Construction in progress and advance payments	88,824	25,309	(11)	-	(45,247)	68,875
Total	**811,657**	**128,346**	**(2,255)**	**(71,581)**	**9,039**	**876,106**

The additions during the period, amounting to 128,346 thousand euros, mainly related to the purchase of land, the construction of new sites, the construction of small cell systems and DASs, extraordinary maintenance, the capitalization of costs relating to company labor, body rental and external services, the purchase of backhauling sections and the "Tunnel" Project as described in more detail in Note 4 "Business combinations" above.

The gross carrying amounts and accumulated depreciation at December 31, 2021 are detailed as follows:

(thousands of euros)	Gross Value at 12.31.2020	Accumulated impairment losses	Depreciation Provision	Net Value at 12.31.2020
Land	48,576	-	-	48,576
Plant and equipment	1,587,057	(562)	(912,331)	674,164
Manufacturing and distribution equipment	25	-	(19)	6
Other goods	295	-	(208)	87
Construction in progress and advance payments	88,824	-	-	88,824
Total	**1,724,777**	**(562)**	**(912,558)**	**811,657**

(thousands of euros)	Gross Value at 12.31.2021	Accumulated impairment losses	Depreciation Provision	Net Value at 12.31.2021
Land	51,086	-	-	51,086
Plant and equipment	1,733,493	(543)	(977,168)	755,782
Manufacturing and distribution equipment	24	-	(23)	1
Other goods	619	-	(257)	362
Construction in progress and advance payments	68,875	-	-	68,875
Total	**1,854,097**	**(543)**	**(977,448)**	**876,106**

The property, plant, and equipment are not subject to liens, mortgages, or other charges.

NOTE 8 – RIGHT-OF-USE ASSETS

Right-of-use assets comprised the following, with the following changes:

(thousands of euros)	12.31.2019	Merger	Additions	Lease increases	Lease decreases	Amortization and depreciation	Other changes	12.31.2020
Land use rights	277,335	192,556	-	18,945	(9,048)	(43,598)	(436,183)	7
Rights of use on civil and industrial buildings	424,119	266,925	7,633	58,903	(8,107)	(68,062)	(637,993)	43,418
Rights of use on plant and equipment	5,210	-	4,001	12,990	(46,472)	(66,729)	1,187,539	1,096,539
Rights of use on other assets	305	-	-	338	(15)	(191)	-	437
Total	**706,969**	**459,481**	**11,634**	**91,176**	**(63,642)**	**(178,580)**	**113,363**	**1,140,401**

(thousands of euros)	12.31.2020	Additions	Lease increases	Lease decreases	Amortization and depreciation	Other changes	12.31.2021
Land use rights	7	-	-	-	-	(7)	-
Rights of use on civil and industrial buildings	43,418	3,233	-	-	(2,488)	172	44,335
Rights of use on plant and equipment	1,096,539	9,099	169,065	(65,655)	(176,081)	(19)	1,032,948
Rights of use on other assets	437	-	323	(11)	(261)	-	488
Total	**1,140,401**	**12,332**	**169,388**	**(65,666)**	**(178,830)**	**146**	**1,077,771**

Additions in the period, amounting to 12,332 thousand euros, mainly related to the acquisition of surface use rights, the capitalization of renegotiation fees for lease contracts and the acquisition of the back-to-back agreement relating to the "Tunnel" Project as described in Note 4 "Business combination".

Lease decreases refer to leases that expired or were renegotiated during the period.

Lease increases refer to new leases (for a new site or the renegotiation of a lease). The amount includes rights-of-use relating to agreements acquired following Project "Tunnel", as described in Note 4 "Business combination".

NOTE 9 – FINANCIAL RECEIVABLES (NON-CURRENT AND CURRENT)

Financial receivables (non-current and current) as at December 31, 2021 are composed as follows:

(thousands of euros)		12.31.2020	Other changes during the period	12.31.2021
Financial receivables (medium/long-term):				
Loans to staff		497	118	615
Prepaid expenses from finance expenses		998	(251)	747
Total non-current financial receivables	**(a)**	**1,495**	**(133)**	**1,362**
Financial receivables (short-term):				
Loans to staff		190	45	235
Prepaid expenses from finance expenses		18	18	36
Total current financial receivables	**(b)**	**208**	**63**	**271**
Total financial receivables	**(a+b)**	**1,703**	**(70)**	**1,633**

Financial receivables (medium/long-term) relate to the residual value of prepaid expenses from finance expenses and loans to staff.

NOTE 10 – TRADE AND MISCELLANEOUS RECEIVABLES AND OTHER ASSETS (NON CURRENT AND CURRENT)

The item “Trade and miscellaneous receivables and other current and non-current assets” is detailed in the following table:

(thousands of euros)		12.31.2020	*of which IFRS 9 Financial Instruments*	Other changes during the period	12.31.2021	*of which Financial Instruments IFRS 9*
Miscellaneous receivables and other non-current assets						
Other non-current assets		431	-	(361)	70	-
Other non-current miscellaneous receivables		-	-	296,435	296,435	-
Total Miscellaneous receivables and other non-current assets	**(a)**	**431**	**-**	**296,074**	**296,505**	**-**
Total trade receivables	**(b)**	**126,295**	***126,295***	**(38,102)**	**88,193**	***88,193***
Miscellaneous receivables and other current assets						
Other current assets		1,025	-	874	1,899	-
Non-current miscellaneous receivables - short term share		1,455	-	218	1,673	-
Miscellaneous operating receivables		7,005	-	9,829	16,834	-
Miscellaneous non-operating receivables		-	-	64,842	64,842	-
Total miscellaneous receivables and other current assets	**(c)**	**9,485**	**-**	**75,763**	**85,248**	**-**
Total trade and miscellaneous receivables and other current assets	**(b+c)**	**135,780**	***126,295***	**37,661**	**173,441**	***88,193***
Total	**(a+b+c)**	**136,211**	***126,295***	**333,735**	**469,946**	***88,193***

Miscellaneous receivables and other non-current assets mainly relate to the medium/long-term portion of the substitute taxes paid by the company (296,435 thousand euros) for the realignment and redemption of the goodwill recorded in the financial statements which will be deferred over the duration of the amortization of the goodwill itself described in Note 5 “Goodwill”.

Trade receivables mainly refer to hosting services and the recovery of costs for services provided.

Miscellaneous receivables and other current assets refer to guarantee deposits (1,673 thousand euros), advances to suppliers (3,132 thousand euros), receivables from the tax authorities for taxes and duties (12,155 thousand euros) and the short-term portion of substitute taxes paid by the company (64,842 thousand euros) for the realignment and redemption of the goodwill recorded in the financial statements which will be deferred over the duration of the amortization of the goodwill described in Note 5 “Goodwill”.

The book value of the trade and miscellaneous receivables and other assets (non current and current) is considered a reasonable approximation of their respective fair value.

NOTE 11 – CASH AND CASH EQUIVALENTS

At December 31, 2021, this item amounted to 96,320 thousand euros, and was composed as follows:

(thousands of euros)	12.31.2020	Other changes during the period	12.31.2021
Cash at bank and post office deposits	120,205	(23,888)	96,317
Checks and cash on hand	2	1	3
Total Cash and cash equivalents	**120,207**	**(23,887)**	**96,320**

At December 31, 2021, the cash was held in bank and postal accounts with the following characteristics:

- maturities: immediately convertible into cash at any time;
- counterparty risk: the investments have been made with investment-grade leading banking institutions based on the Company’s operating rules that limit credit exposure with financial counterparties;
- Country risk: the investments are made in Italy and Luxembourg.

NOTE 12 - EQUITY

At December 31, 2021, equity amounted to 4,483,515 thousand euros, and was composed as follows:

(thousands of euros)	12.31.2020	Increase	Decrease	Other changes	12.31.2021
Share capital issued	600,000	-	-	-	600,000
Minus treasury shares	*(37)*	-	-	*(35)*	*(72)*
Share capital	599,963	-	-	(35)	**599,928**
Share premium reserve	3,691,703	-	(118,822)	(1,361,880)	**2,211,001**
Other reserves and earnings (losses) carried forward, including the result for the period	119,576	-	-	1,361,603	**1,481,179**
Legal reserve	*120,000*	-	-	-	120,000
Provision for instruments representing equity	*267*			*321*	588
Treasury share reserve in excess of nominal value	*(302)*	-	-	*(305)*	(607)
Locked-up Reserve under Law 178/2020	-	-	-	*1,361,880*	1,361,880
Other reserves	*(389)*	-	-	*(294)*	(683)
Retained earnings (losses) including earnings (losses) for the period	169,239	191,396	(169,227)	-	**191,407**
Total	4,580,481	191,396	(288,049)	(312)	**4,483,515**

The change in equity is mainly attributable to the result for the year, as well as the distribution of dividends resolved upon the approval of the 2020 financial statements. A reclassification of 1,361,880 euros was also made from the Share Premium Reserve to the locked-up Reserve under Law 178/2020 following the tax realignment mentioned in the previous paragraph. The law provides that the company updating the value for tax purposes has the burden of pledging an equity reserve for an amount equal to the tax revaluation, net of the substitute tax due on the realignment, subjecting it to the tax suspension regime.

Movements of share capital during the period from January 1 to December 31, 2021, are shown in the following table:

Reconciliation between the number of shares in circulation at December 31, 2020, and the number of shares in circulation at December 31, 2021.

(number of shares)	At 12.31.2020	Other changes	At 12.31.2021	% of Capital
Ordinary shares issued	960,200,000		960,200,000	-
Minus: Treasury shares	(36,550)	(35,623)	(72,173)	-
Total Ordinary shares issued	960,200,000		960,200,000	100.0
Total shares in circulation	960,163,450	(35,623)	960,127,827	-

Reconciliation between the value of shares in circulation at December 31, 2020, and the value of shares in circulation at December 31, 2021

(thousands of euros)	Share capital at 12.31.2020	Change in share capital	Capital at 12.31.2021
Ordinary shares issued	600,000	-	600,000
Minus: Treasury shares	(37)	(36)	(73)
Ordinary shares outstanding	599,963	(36)	599,927
Total Share capital issued	600,000	-	600,000
Total Share capital in circulation	599,963	(36)	599,927

BENEFIT PLANS IN THE FORM OF EMPLOYEE STOCK OPTIONS

The Provision for instruments representing equity of 588 thousand euros refers to:

- the LTI plan (582 thousand euros) in existence at December 31, 2021, used for retention and long-term incentive purposes for managers.
- the general stock option plan (6 thousand euros) in existence and subscribed to by INWIT employees.

NOTE 13 – EMPLOYEE BENEFITS

The item has the following breakdown and movements:

(thousands of euros)	12.31.2019	Merger	Increase/ Present value	Decrease	12.31.2020
Provision for employee severance indemnities	1,791	1,414	197	(759)	2,643
Total	1,791	1,414	197	(759)	2,643
Of which:					
Non-current amount	*1,791*				*2,643*

(thousands of euros)	12.31.2020	Increase/ Present value	Decrease	Other changes	12.31.2021
Provision for employee severance indemnities	2,643	234	(103)	135	2,909
Total	2,643	234	(103)	135	2,909
Of which:					
Non-current amount	*2,643*				*2,909*

Compared to December 31, 2020, the Provision for Employee Severance Indemnities increased by 266 thousand euros.

The increase of 234 thousand euros in the column "Increases/Present value" is broken down as follows:

(thousands of euros)	12.31.2021	12.31.2020
Financial expenses	15	21
Net actuarial (gains) losses for the period	219	176
Total	234	197

In accordance with IAS 19 (2011), the provision for employee severance indemnity has been calculated using the same actuarial method adopted prior to the introduction of the principle reviewed by means of the Projected Unit Credit Method, as follows:

- projections have been formulated, on the basis of a series of financial assumptions (increased cost of living, interest rates, pay increases, etc.) regarding possible future services that could be provided to each employee registered with the program, in the event of retirement, death, invalidity, resignation, etc.;
- the current average value of future services at the date of evaluation has been calculated, on the basis of the annual interest rate adopted and of the probability that each service be provided;
- the liability has been determined as equal to the current average value of future services, as generated by the existing provision at the date of evaluation, without taking account of any future allocation.

The assumptions made may be detailed as follows:

ECONOMIC ASSUMPTIONS	
Inflation rate	1.75% per year
Time-discount rate	0.98% per year
Annual rate of increase in the Provision for employee severance indemnities	2.81% per year

DEMOGRAPHIC ASSUMPTIONS	
Probability of death	RG 48 Mortality Tables published by the State Accounting Office
Probability of invalidity	INPS Tables subdivided by age and gender
Probability of resignation:	
up to the age of 40 – Executives	2.00%
up to the age of 40 – Non-Executives	1.00%
from the age of 41 to 50 - Executives	2.00%
from the age of 41 to 50 - Non-Executives	0.50%
from the age of 51 to 59 - Executives	1.00%
from the age of 51 to 59 - Non-Executives	0.50%
from the age of 60 to 64 - Executives	0.00%
from the age of 60 to 64 - Non-Executives	0.50%
Subsequently	0.00%
Probability of retirement	AGO requisites
Probability of receiving, at the start of the year, a 70% advance on the Provision for Employee Severance Indemnities	1.50% in each year

Application of the aforementioned assumptions resulted in a Provision for Employee Severance Indemnities liability of 2,909 thousand euros at December 31, 2021.

The sensitivity analysis for each actuarial assumption that is relevant for the determination of the end-of-period liability, is reported below; said analysis shows the effects, expressed in absolute terms, of the changes in the relevant actuarial assumptions, possible at that date.

The average financial duration of the liability is 11 years.

CHANGE IN THE ASSUMPTIONS	**Amounts** (thousands of euros)
Turnover rate:	
+ 0.25 p.p.	7
- 0.25 p.p.	7
Annual inflation rate:	
+ 0.25 p.p.	56
- 0.25 p.p.	55
Annual time-discounting rate:	
+ 0.25 p.p.	74
- 0.25 p.p.	77

NOTE 14 – PROVISIONS FOR RISKS AND CHARGES

The Provision for risks and charges has the following breakdown and movements:

(thousands of euros)	12.31.2019	Merger	Increase	Decrease	Other changes	12.31.2020
Provision for restoration costs	101,506	114,823	5,448	(402)	(790)	220,585
Deferred tax liabilities	-	72,803	-	(21,221)	228,478	277,390
Provision for legal disputes and other risks	600	-	226	-	-	826
Total	102,106	187,626	5,674	(22,958)	226,353	498,801
Of which:						
Non-current amount	*101,656*					*498,351*
Current amount	*450*					*450*

(thousands of euros)	12.31.2020	Increase	Decrease	Other changes	12.31.2021
Provision for restoration costs	220,585	8,194	(759)	-	228,020
Deferred tax liabilities	277,390	82	(38,620)	(53)	238,799
Provision for legal disputes and other risks	826	752	(14)	-	1,564
Total	498,801	9,028	(39,393)	(53)	468,383
Of which:					
Non-current amount	*498,351*				*467,933*
Current amount	*450*				*450*

The **Provision for restoration costs** increased due to both the allocation of costs for the dismantling of sites connected with the passage of time (4,141 thousand euros) and the building of new sites (4,054 thousand euros), which includes recognition of the provision for restoration costs for the new sites acquired with the Vodafone Italia business unit, totaling 3,653 thousand euros. The decrease in provision for restoration costs relates to the coverage of costs incurred in the period (759 thousand euros).

Deferred tax liabilities mainly decreased due to the release of deferred tax liabilities relating to the customer list recognized as part of the merger with Vodafone Towers (36,166 thousand euros).

The change in the **Provision for legal disputes and other risks** was primarily due to the provision for legal disputes (752 thousand euros).

NOTE 15 – FINANCIAL LIABILITIES (NON-CURRENT AND CURRENT)

Financial liabilities (non-current and current) (gross financial debt) were broken down as follows:

(thousands of euros)		12.31.2020	Changes in the period	12.31.2021
Financial payables (medium/long-term):				
Amounts due to banks		1,030,200	(244,249)	785,951
Corporate Bonds		1,738,736	494,851	2,233,587
Leasing liabilities		893,014	(62,059)	830,955
Total non-current financial liabilities	(a)	3,661,950	188,543	3,850,493
Financial payables (short-term):				
Amounts due to banks		1,530	129,860	131,390
Corporate Bonds		11,497	6,336	17,833
Leasing liabilities		158,643	(7,288)	151,355
Total current financial liabilities	(b)	171,670	128,908	300,578
Total Financial liabilities (Gross financial debt)	(a+b)	3,833,620	317,451	4,151,071

Financial payables (medium/long-term):

- **Amounts due to banks** mainly refer to the loans net of related accruals and deferrals, entered into with:
  - term load from Banca Popolare di Sondrio for a nominal amount of 40,000 thousand euros with bullet repayment at maturity (December 2023);
  - a pool of national and international banks for the ESG KPI-linked term loan for a nominal amount of 500,000 thousand euros with bullet repayment at maturity (April 2025);
  - a loan with a nominal value of 250,000 thousand euros from the European Investment Bank with amortizing repayment beginning in February 2026 and maturing in August 2033;
- **Corporate Bonds** refer to:
  - (i) the bond issued in July 2020 with a nominal value of 1,000,000 thousand euros maturing on July 8, 2026, coupon 1.875%, issue price 99.809%;
  - (ii) the bond issued in October 2020 with a nominal value of 750,000 thousand euros maturing October 21, 2028, coupon 1.625%, issue price 99.755%;
  - (iii) the bond issued in April 2021 with a nominal value of 500,000 thousand euros maturing April 19, 2031, coupon 1.75%, issue price 99.059%;
- **Finance lease liabilities** refer to leases.

Financial payables (short-term):

- **Amounts due to banks** mainly refer to the draw down of the uncommitted bank lines by 130,000 thousand euros;
- **Corporate Bonds** refer to the accrued portions of the coupons of the Bonds;
- **Finance lease liabilities** and refer to leases.

The maturities of financial liabilities according to the expected nominal repayment amount, as defined by contract, are the following:

(millions of euros)		Within 1 year	From 2 to 5 years	Beyond	Total
Amounts due to banks		131	567	219	917
Corporate Bonds		18	995	1,239	2,252
Total loans and other financial liabilities	(a)	149	1,562	1,458	3,169
Leasing liabilities		181	557	359	1,097
Total finance lease liabilities	(b)	181	557	359	1,097
Total Financial liabilities	(a+b)	330	2,119	1,817	4,266

COVENANTS, NEGATIVE PLEDGES AND OTHER CONTRACT CLAUSES IN EFFECT AT DECEMBER 31, 2021

The loan agreements include some general pledges and covenants, both positive and negative, in line with market practice for loans of similar amounts and nature, which give the lending Banks the right to cancel the commitments undertaken and/or request the early repayment of the sums drawn by the Company.
The bonds issued by INWIT do not contain any financial covenants, whereas the revolving credit line entered into in December 2019 contains a 7x pre-IFRS 16 Net Debt/EBITDA leverage ratio covenant.

Under the loan and bond agreements INWIT is required to notify a change of control, for which the cases and consequences – including, at the discretion of the investors, the provision of guarantees or early repayment of the amount disbursed and cancellation of the commitment unless otherwise agreed – are specifically regulated in the individual agreements.

The loan agreement with the European Investment Bank in support of the Digital Infrastructure Development Project, granted for 250 million euros in August 2021, contains a rating loss clause, according to which the bank may, in certain cases, request guarantees to support the loan.

At December 31, 2021, no covenant, negative pledge clause or other clause relating to the above-described debt position had been breached or violated.

NOTE 16 – NET FINANCIAL DEBT

The table below shows the Company's net financial debt at December 31, 2021, calculated in accordance with paragraph 127 of the recommendations contained in ESMA document No. 319 of 2013, implementing Regulation (EC) 809/2004.
The table also includes the reconciliation of net financial debt calculated according to the criteria established by ESMA and those used by INWIT to monitor its own financial position.

(thousands of euros)	12.31.2021 (*)	12.31.2020
A Cash	-	-
B Cash and cash equivalents	96,320	120,207
C Current financial receivables	271	208
D Liquidity (A + B + C)	96,591	120,207
E Current financial payables	-	-
F Current portion of financial payables (medium/long-term)	300,578	171,670
G Current financial debt (E+F)	300,578	171,670
H Net current financial debt (G-D)	203,987	51,255
I Financial payables (medium/long-term)	1,616,906	1,923,214
J Bonds issued	2,233,587	1,738,736
K Trade payables and other non-current payables	-	-
L Non-current financial debt (I+J+K)	3,850,493	3,661,950
M Net Financial Debt as per ESMA recommendations (H+L)	4,054,480	3,713,205
Other financial receivables and non-current financial assets	(1,362)	(1,495)
INWIT net financial debt	4,053,118	3,711,710

(*) As regards the effects of related party transactions on Net Financial Debt, reference should be made to the specific table included in the Note "Related Parties".

NOTE 17 - TRADE AND MISCELLANEOUS PAYABLES AND OTHER (NON-CURRENT AND CURRENT) LIABILITIES

The item was composed as follows at December 31, 2021:

(thousands of euros)		12.31.2020	*of which IFRS 9 Financial Instruments*	Other changes during the period	12.31.2021	*of which IFRS 9 Financial Instruments*
Miscellaneous payables and other non-current liabilities						
Other non-current liabilities		1,375	-	6,341	7,716	-
Miscellaneous non-current operating payables		136	-	(138)	(2)	-
Miscellaneous non-current non-operating payables		-	-	14,040	14,040	-
Total miscellaneous payables and other non-current liabilities	(a)	1,511	-	20,243	21,754	-
Total trade payables	(b)	134,150	*134,150*	40,637	174,787	*174,787*
Miscellaneous payables and other current liabilities						
Other current liabilities		6,209	-	718	6,927	-
Miscellaneous current operating payables		11,013	-	8,309	19,322	-
Miscellaneous current non-operating payables		4,415	-	10,891	15,306	-
Total miscellaneous payables and other current liabilities	(c)	21,637	-	19,918	41,555	-
Total trade and miscellaneous payables and other current liabilities	(b+c)	155,787	*134,150*	60,555	216,342	*174,787*
Total income tax payables	(d)	12,584	-	5,288	17,872	-
Total	(a+b+c+d)	169,882	*134,150*	86,086	255,968	*174,787*

Miscellaneous payables and other non-current liabilities refer mainly to prepaid contracts with customers (7,175 thousand euros) and various non-current non-operating payables relating to the second installment of the substitute tax (14,040 thousand euros) relating to the realignment of TIM goodwill of 1,404,000 thousand euros defined pursuant to Legislative Decree 104/2020 described in Note 5 “Goodwill”.

Trade payables refer mainly to the supply of electrical power and rents due.

Miscellaneous payables and other current liabilities mainly refer to prepaid contracts with customers (6,927 thousand euros), tax payables (11,203 thousand euros), payables to personnel (3,858 thousand euros), payables to shareholders (1,266 thousand euros) and miscellaneous current non-operating payables relating to the first installment of the substitute tax (14,040 thousand euros) relating to the realignment of TIM goodwill of 1,404,000 thousand euros defined pursuant to Legislative Decree 104/2020 described in Note 5 - "Goodwill".
The book value of trade and miscellaneous payables and other current liabilities is considered a reasonable approximation of their respective fair value.

NOTE 18 - REVENUES

Revenues amounted to 785,150 thousand euros, broken down as follows:

(thousands of euros)	Financial Year 2021	Financial Year 2020
Revenues		
Revenues from TIM	349,561	341,737
Revenues from Vodafone Italia	337,568	247,005
Revenues from third parties	98,021	74,666
Total	785,150	663,408

Revenues from TIM amount to 349,561 thousand euros and mainly refer to the Master Service Agreement.

Revenues from Vodafone Italia amount to 337,568 thousand euros and mainly refer to the Master Service Agreement.

The item **Revenues from third parties**, amounting to 98,021 thousand euros, refers essentially to hosting services offered by the Company to Italian mobile operators. Relationships with these operators are regulated by long-term commercial agreements.

NOTE 19 – ACQUISITION OF GOODS AND SERVICES

The item amounted to 44,697 thousand euros, broken down as follows:

(thousands of euros)		Financial Year 2021	Financial Year 2020
Purchases of materials and goods for resale	(a)	664	775
Costs for services			
Maintenance		16,941	11,686
Professional services		2,845	8,123
Other service expenses		17,788	17,009
	(b)	37,574	36,818

Lease and rental costs		
Lease and rental costs	6,383	2,272
Other lease and rental costs	76	306
(c)	6,459	2,578
Total (a+b+c)	44,697	40,171

The item "Costs for miscellaneous services" increased mainly due to the recognition of maintenance costs on air conditioning systems.

NOTE 20 – EMPLOYEE COSTS

Revenues amounted to 18,422 thousand euros, broken down as follows:

(thousands of euros)	Financial Year 2021	Financial Year 2020
Ordinary personnel expenses		
Salaries	10,945	12,143
Social security charges	5,691	4,262
Other employee costs	958	775
(a)	17,592	17,180
Miscellaneous employee costs and sundry labor services		
Fees paid to external personnel	65	54
Costs for assigning stock option	95	73
Other expenses	-	63
(b)	160	190
Total ordinary expenses (a+b)	17,728	17,370
Restructuring and rationalization expenses		
Expenses for incentivized redundancies	670	807
(c)	670	807
Total (a+b+c)	18,422	18,177

The average number of employees during the period was 232.1. They can be subdivided into their respective categories, as follows:

(numbers)	2021	2020
Executives	18.8	16.1
Middle Managers	46.6	39.1
Administrative staff	166.7	127.4
Total	232.1	182.6

There were 246 employees at December 31, 2021. They can be subdivided into their respective categories, as follows:

(numbers)	2021	2020
Executives	20	18
Middle Managers	47	41

Administrative staff	179	147
Total	246	206

NOTE 21 – OTHER OPERATING EXPENSES

Revenues amounted to 7,150 thousand euros, broken down as follows:

(thousands of euros)	Financial Year 2021	Financial Year 2020
Other operating expenses		
Expenses related to credit management	1,358	-
Provision for risks and charges	752	226
Costs and provisions for indirect duties and taxes	3,298	749
Membership fees, donations, study grants and work experience contributions	333	62
Other Expenses	1,409	115
Total	7,150	1,279

The item “Provision for risks and charges” increased due to provisions for litigation (752 thousand euros).

The item “Costs and provisions for indirect duties and taxes” rose primarily due to the stamp duty (2,029 thousand euros) paid following the “Tunnel” Project. For more information, see the Note 4 “Business combinations”.

“Other expenses” increased primarily due to the recognition of penalties for breach of contract with TIM (986 thousand euros) and Vodafone Italia (338 thousand euros).

NOTE 22 – AMORTIZATION, GAINS/LOSSES ON DISPOSALS AND IMPAIRMENT LOSSES ON NON-CURRENT ASSETS

Amortization, gains/losses on disposals and impairment losses on non-current assets amounted to 360,132 thousand euros, and are composed as follows:

(thousands of euros)		Financial Year 2021	Financial Year 2020
Amortization of intangible assets with a finite useful life	(a)	104,815	76,949
Depreciation of owned tangible assets	(b)	71,581	58,313
Amortization of right-of-use assets	(c)	178,830	178,580
(Gains)/losses on disposals and impairment losses on non-current assets	(d)	4,906	(761)
Total	(a+b+c+d)	360,132	313,081

For further details, see the Notes "Intangible assets with a finite useful life", "Tangible assets" and "Right-of-use assets".

(Gains)/losses on disposals and impairment losses on non-current assets includes gains on disposals of right-of-use assets (3,891 thousand euros), losses on disposal of right-of-use assets (6,380 thousand euros) and losses on the disposal of property and equipment (2,255 thousand euros).

NOTE 23 – FINANCE INCOME AND EXPENSES

FINANCIAL INCOME

Financial income amounts to 8 thousand euros and mainly refers to interest income on cash at bank and post office deposits.

FINANCIAL EXPENSES

Financial expenses amount to 90,090 thousand euros, broken down as follows:

(thousands of euros)	Financial Year 2021	Financial Year 2020
Interest expenses and other financial expenses		
Interest to banks	9,814	19,806
Finance expenses for corporate bonds	39,080	11,955
Financial fees	12,306	8,580
Interest expense for finance leases	24,719	24,874
Other financial expenses	4,171	4,563
Total	90,090	69,778

Interest expense with banks refers to the interest paid during the period under the syndicated and bilateral loan agreements described in Note 15 - Financial liabilities (non-current and current).

Finance expenses for corporate bonds refer to commissions, issuance inconveniences and corporate bond coupons for the period in question.

Interest expense for finance leases refers to leases accounted for pursuant to IFRS 16, which came into force on January 1, 2019; the average applicable rate was 2.18%.

Financial fees mainly refer to fees deriving from the signing of the 1 billion euros Term Loan, part of the 3 billion euros loan agreement entered into in 2019 to finance the purchase transaction in VOD Towers, released to the income statement as a result the early termination of the loan in April.

Other finance expenses refer mainly to the adjustment of the provision for restoration costs (4,140 thousand euros).

NOTE 24 – INCOME TAXES

DEFERRED TAX ASSETS AND DEFERRED TAX PROVISION

Deferred tax liabilities, net of deferred tax assets, recognized in the financial statements amounted to 238,799 thousand euros and mainly refer to temporary tax differences to be taxed in future years.

At December 31, 2021, the Company had equity reserves the taxation of which has been suspended, subject to taxation in the event of distribution, for a total of 1,361,880 thousand euros. The reserve arose from the revaluation of the tax value, pursuant to Law 178/2020 as amended, of the goodwill generated by the transfer of the business unit by TIM.

INCOME TAXES

Income taxes amount to 73,272 thousand euros and are composed as follows.

Deferred tax liabilities, net of deferred tax assets (35,263 thousand euros), were recognized in the income statement during the year. The lion's share relates to the release of deferred liabilities in relation to the non-deductible portion of amortization and depreciation of the revalued assets of the merged company (126,900 thousand euros).

During the year, the amount was accrued for the substitute tax paid for the tax realignment of the goodwill that emerged from the transfer of the business unit by TIM in 2015.

(thousands of euros)	Financial Year 2021	Financial Year 2020
Regional Business Tax (IRAP) for the period	20,611	16,398
Corporate Income Tax (IRES) for the period	86,974	69,871
Total current taxes	107,584	86,269
Deferred taxes for the period	(35,263)	(21,221)
Substitute tax - amount for the year	842	-
Adjustment of taxation for previous financial years	108	(774)
Total income taxes	73,272	64,274

The fiscal burden for the period has been estimated on the basis of a Corporate Income Tax rate of 24% and a Regional Business Tax rate of 4.50%.

The reconciliation of the theoretical tax charge, calculated using a Corporate Income Tax rate of 24%, with the actual tax charge resulting from the financial statements, is as follows:

(thousands of euros)	Financial Year 2021	Financial Year 2020
Profit (loss) before tax	264,667	220,941
Theoretical income taxes	63,520	53,026
Tax effect of increases (reductions):	(7,385)	(424)
Tax effect of non-deductible costs	30,839	17,269
Actual taxes recorded in the income statement, excluding Regional Business Tax	86,974	69,871
Current IRAP tax	20,611	16,398
Total actual taxes recorded in the income statement	107,584	86,269

In order to better understand the reconciliation in question, the impact of Regional Business Tax has been kept separate, in order to avoid any distortion, given that this tax is calculated on a different tax base from the pre-tax result.

NOTE 25 – EARNINGS PER SHARE

The following table shows the calculation of earnings per share.

Basic and diluted earnings per share		Financial Year 2021	Financial Year 2020
Profit for the period	(euros)	191,395,676	156,666,767
Average number of ordinary shares		960,115,529	871,314,724
Basic and diluted earnings per share	(euros)	0.199	0.180

NOTE 26 – CONTINGENT LIABILITIES, COMMITMENTS AND GUARANTEES

MAIN DISPUTES AND PENDING LEGAL ACTIONS

At December 31, 2021, the Company was involved in approximately 270 disputes, seven of which were denoted as having a “probable” risk of losing by the defense lawyers.
In relation to the progress of the aforementioned legal proceedings and based on the information available at the time of closing these Financial Statements, a total amount of 1,114 thousand euros has been allocated to the risk provision.

COMMITMENTS AND GUARANTEES

With regard to guarantees issued by banks or insurance companies to owners of the land where the infrastructure is located, INWIT has undertaken to reimburse all sums that for any reason whatsoever the bank or the insurance company were to bear due to failure to comply with contractual obligations, the Company waiving any objection or opposition, including any legal action.

NOTE 27 - RELATED PARTIES

The Group identified the following related parties, in accordance with the criteria defined by IAS 24 – (Financial statements disclosures concerning related party transactions).

- TIM;
- Vodafone;
- key managers of INWIT; and
- other subsidiaries of TIM and Vodafone and/or companies in which TIM and Vodafone hold an interest, including through the members of Senior Management.

The tables summarizing the balances of related party transactions in absolute amounts and as a percentage of the corresponding values of the separate income statement, the statement of financial position and the statement of cash flows are shown below. Related party transactions, when not dictated by specific laws, were conducted at arm's length. The transactions were subject to an internal procedure (available for consultation on the website www.inwit.it), which establishes procedures and time scales for verification and monitoring.

Although said agreements were settled at normal market conditions, there is no guarantee that, if they had been entered into by or with third parties, the latter would have negotiated and concluded them at the same conditions and by the same methods.

Items of the consolidated statement of financial position

The effects of the transactions with related parties on the items of the statement of financial position at December 31, 2020 and December 31, 2021 are shown below:

ITEMS OF THE STATEMENT OF FINANCIAL POSITION AT 12.31.2020

(thousands of euros)	Total (a)	Related Parties TIM	Vodafone Italia	Senior management	Other related parties	Total related parties (b)	*% of the financial statement item (b)/(a)*
NET FINANCIAL DEBT							
Non-current financial liabilities	(3,661,950)	(113,366)	(10,036)	-	(8)	(123,410)	*3.4%*
Current financial liabilities	(171,670)	(16,497)	(1,456)	-	(1)	(17,954)	*10.5%*
Total net financial debt	(3,711,710)	(129,863)	(11,492)	-	(9)	(141,364)	*3.8%*
OTHER STATEMENT OF FINANCIAL POSITION LINE							
Trade and miscellaneous receivables	135,780	24,342	3,564	-	20	27,926	*20.6%*
Trade and miscellaneous payables	(155,787)	(41,500)	(2,788)	(1,144)	(19,457)	(64,889)	*41.7%*

STATEMENT OF FINANCIAL POSITION LINE ITEMS AT 12.31.2021

(thousands of euros)	Total (a)	Related Parties TIM	Vodafone Italia	Senior management	Other related parties	Total related parties (b)	*% of the financial statement item (b)/(a)*
NET FINANCIAL DEBT							
Non-current financial liabilities	(3,850,493)	(100,901)	(8,917)	-	(8)	(109,826)	*2.9%*
Current financial liabilities	(300,578)	(6,097)	(514)	-	(1)	(6,612)	*2.2%*
Total net financial debt	(4,053,118)	(106,998)	(9,431)	-	(9)	(116,438)	*2.9%*
OTHER STATEMENT OF FINANCIAL POSITION LINE							
Trade and miscellaneous receivables	173,441	7,168	-	-	20	7,188	*4.1%*
Miscellaneous payables and other non-current liabilities	(21,754)	(6,880)	-	-	-	(6,880)	*31.6%*
Trade and miscellaneous payables	(216,341)	(13,857)	(66,553)	(1,186)	(618)	(82,214)	*38.0%*

Both medium/long-term and short-term financial payables due to TIM and Vodafone Italia refer to the financial lease deriving from the application of IFRS 16.

Trade and miscellaneous receivables and other current assets due from TIM (7,168 thousand euros) mainly comprise the recovery of electricity costs.

Miscellaneous trade payables and other current liabilities to TIM (13,857 thousand euros) mainly refer to service contracts, site restoration activities, ordinary and extraordinary maintenance carried out on sites and other services.

Trade and miscellaneous payables and other current liabilities due to Vodafone Italia (66,553 thousand euros) mainly concern service contracts, ordinary and extraordinary on-site maintenance and other services and the payable deriving from the "Tunnel" Project.

Payables to Senior Management (amounting to 1,186 thousand euros) refer to amounts payable to key management personnel of the Company.

Payables to other related parties (618 thousand euros) mainly consist of trade payables to Telenergia S.r.l. for electricity.

Items of the income statement

The effects of the transactions with related parties on the items of the income statement at December 31, 2021, and for the corresponding period of the previous financial year, are the following:

ITEMS OF THE INCOME STATEMENT AT 12.31.2020

(thousands of euros)	Total (a)	TIM	Vodafone Italia	Senior management	Other related parties	Total related parties (b)	As a % of the financial statement item (b)/(a)
Revenues	663,408	341,737	247,005	-	-	588,742	*88.7%*
Acquisition of goods and services - Ordinary	(40,171)	(9,497)	(5,161)	-	-	(14,658)	*36.5%*
Employee benefits expenses - Ordinary	(18,177)	(63)	-	(1,998)	-	(2,061)	*11.3%*
Financial expenses	(69,778)	(2,318)	(105)	-	(149)	(2,572)	*3.7%*

ITEMS OF THE INCOME STATEMENT AT 12.31.2021

(thousands of euros)	Total (a)	TIM	Vodafone Italia	Senior management	Other related parties	Total related parties (b)	As a % of the financial statement item (b)/(a)
Revenues	785,150	349,561	337,568	-	-	687,129	*87.5%*
Acquisition of goods and services	(44,697)	(5,630)	(1,045)	-	(3)	(6,678)	*14.9%*
Employee benefits expenses	(18,422)	-	-	(1,953)	-	(1,953)	*10.6%*
Other operating expenses	(7,150)	(986)	(2,367)	-	-	(3,353)	*46.9%*
Financial expenses	(90,090)	(3,460)	(313)	-	-	(3,773)	*4.2%*

Revenues from TIM (349,561 thousand euros) refer mainly to rental revenues ensuing from the Master Service Agreement.

Revenues from Vodafone Italia (337,568 thousand euros) refer mainly to rental revenues ensuing from the Master Service Agreement.

Purchases of materials and services from Vodafone Italia (5,630 thousand euros) mainly refer to maintenance services, telephone expenses and other service costs.

Purchases of materials and services from Vodafone Italia (1,045 thousand euros) refer to maintenance services and other service costs.

Employee benefits expense for senior management (1,953 thousand euros) refer to compensation due to Company key managers.

Other operating expenses payable to TIM (986 thousand euros) and to Vodafone Italia (2,367 thousand euros) mainly related to the stamp duty recognized for the "Tunnel" Project.

Financial expenses to TIM (3,460 thousand euros) and to Vodafone Italia (313 thousand euros) refer to interest expense on finance leases.

Items of the Statement of cash flows

The effects of the transactions with related parties on the items of the statement of cash flows at December 31, 2021, and for the corresponding period of the previous financial year, are the following:

ITEMS OF THE STATEMENT OF CASH FLOWS AT 12.31.2020

(thousands of euros)	Total (a)	Related Parties TIM	Vodafone Italia	Senior management	Other related parties	Total related parties (b)	As a % of the financial statement item (b)/(a)
Operating activities:							
Change in trade receivables	76,344	67,137	6,168	-	(20)	73,285	95.9%
Change in trade payables	(34,052)	4,438	1,319	-	(22,497)	(16,740)	49.2%
Net change in miscellaneous receivables/payables and other assets/liabilities	(16,578)	(3,399)	19,229	(548)	-	15,282	-92.2%
Change in financial receivables and other current financial assets	22,243	-	-	-	15,009	15,009	67.5%
Change in current and non-current financial liabilities	2,471,318	61,136	(220)	-	(70,001)	(9,085)	-0.4%

ITEMS OF THE STATEMENT OF CASH FLOWS AT 12.31.2021

(thousands of euros)	Total (a)	Related Parties TIM	Vodafone Italia	Senior management	Other related parties	Total related parties (b)	As a % of the financial statement item (b)/(a)
Operating activities:							
Change in trade receivables	38,102	17,209	1,753	-	-	18,962	49.8%
Change in trade payables	(7,497)	1,939	5,653	-	(18,839)	(11,247)	150.0%
Net change in miscellaneous receivables/payables and other assets/liabilities	(327,674)	381	1,846	42	-	2,269	-0.7%
Change in current and non-current financial liabilities	213,728	(22,865)	(2,061)	-	-	(24,926)	-11.7%

The table above shows two significant changes in 2021. The first is the decrease in trade receivables due from TIM (17,209 thousand euros). The second relates to the decrease in payables to Other related parties (18,839 thousand euros) mainly relating to Telenergia.

REMUNERATION OF KEY MANAGERS

The remuneration recorded on an accrual basis in respect of key managers amounted to 1,953 thousand euros.

The short-term compensation is paid during the financial year to which it refers and, in any case, within the six months following the end of the financial year (the entitlements related to the 2021 MBO will be paid during the second quarter of 2022)

The contributions paid in to defined contribution plans (Assida, Fontedir) on behalf of key managers, amounted to 48 thousand euros.

The Company's "key managers", that is, those who have the power and responsibility to plan, manage, and control, directly or indirectly, the Company's activities, including the directors, are identified as follows:

INWIT SPA	
Directors:	
Giovanni Ferigo	CEO
Managers:	
Diego Galli	Head of Administration, Finance and Control & Business Support appointed key manager
Elisa Patrizi	Head of Operations & Maintenance
Gabriele Abbagnara	Head of Marketing & Sales
Massimo Scapini	Head of Technology Governance & MSA, appointed key manager

NOTE 28 – SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

Pursuant to Consob Communication no. DEM/6064293 of July 28, 2006, below is the information on the impact on INWIT's economic, financial and equity results of non-recurring events and operations at December 31, 2021. The non-recurring effects on Equity and Profit (Loss) for the period are expressed net of tax impacts:

(thousands of euros)		Equity	Profit (loss) for the year	Net financial debt	Cash flows (*)
Carrying value	(a)	4,483,515	191,396	(4,053,018)	(23,888)
Acquisition of goods and services - Charges associated with extraordinary		(507)	(507)	(323)	(323)
Other operating expenses - Charges associated with extraordinary		(2,028)	(2,028)	(2,028)	(2,028)
Total effects	(b)	(2,535)	(2,535)	(2,351)	(2,351)
Notional value	(a-b)	4,486,050	193,931	(4,050,667)	(21,537)

(*) The cash flows relate to the increase (decrease) in the period of cash and cash equivalents.

The impact on the individual item of the separate income statement of non-recurring items is as follows:

(thousands of euros)	Financial Year 2021	Financial Year 2020
Acquisition of goods and services - Charges associated with extraordinary transactions	(507)	(6,711)
Other operating expenses - Charges associated with extraordinary transactions	(2,028)	-
Impact on Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	(2,535)	(6,711)
Impact on Operating profit (loss) (EBIT)	(2,535)	(6,711)
Impact on Profit (loss) before tax	(2,535)	(6,711)
Income taxes on non-recurring items	722	1,913
Impact on the Profit (Loss) of the Period	(1,813)	(4,798)

NOTE 29 – POSITIONS OR TRANSACTIONS RESULTING FROM ATYPICAL AND/OR UNUSUAL OPERATIONS

Pursuant to Consob Communication no. DEM/6064293 of July 28, 2006 no atypical and/or unusual transactions, as defined by the above Communication, were carried out during the financial year.

NOTE 30 – EVENTS AFTER DECEMBER 31, 2021

At the moment, the Company has not recorded any significant impact on business performance linked to events relating to the start of military operations in Ukraine by the Russian army.

The company will monitor the development of the crisis and will pay the utmost attention to business continuity plans and the risk of cyber attacks, stepping up monitoring and risk mitigation activities as necessary, also in order to identify any impacts that are not currently foreseeable.

In any case, there are no effects on the financial statements at December 31, 2021 or on the company's business outlook.

NOTE 31 – FURTHER INFORMATION

Public funds

Italian Law 124/2017 requires that information on subsidies, contributions, paid assignments and economic benefits of any kind received from Italian public administrations be provided. In relation to this, it should be noted that during 2021, INWIT received contributions for employee training. These contributions were provided by ANPAL (national agency for active labor policies) through the activation of the New Skills Fund and were aimed at increasing the skills and knowledge of employees and bringing them into line with the needs arising from the new organizational models imposed by the ongoing digital transformation.
The loan amounted to 351 thousand euros and was granted in the form of hourly reimbursements for hours worked by employees.

Directors and statutory auditors' fees

The fees payable to the Company's Statutory Auditors and Directors at December 31, 2021, for the performance of their corresponding duties, amount to 181 thousand euros and 815 thousand euros, respectively.

Summary of fees due to the Independent Auditors and to other entities belonging to the Independent Auditors' network

The table below shows the total fees payable to PricewaterhouseCoopers S.p.A. ("PwC") and the other entities of the PwC network for auditing the 2021 Financial statement, as well as the fees pertaining to 2021 for other audit/checking services and other non-audit services provided to INWIT by PwC and other entities of the PwC network.

(thousands of euros)	PwC S.p.A.	Other entities of the PwC network	Total PwC network
Auditing services:			
independent audit of the individual financial statements (*)	300	-	300
limited review of the interim half-yearly financial statements	50	-	50
other services (**)	115	-	115
Total	465	-	465

(*) This amount includes 45 thousand euros relating to the adjustment of the fees for work carried out on the Company's IT systems, following the entry into force of the ESEF regulation, which will be submitted for approval to the Shareholders' Meeting.

(**) This amount includes fees for the issuance of comfort letters in connection with bond issues made in 2021 and for the review of the 2021 NFS.

CERTIFICATION OF THE FINANCIAL STATEMENTS AT DECEMBER 31,2020 PURSUANT TO ARTICLE 81-TER OF THE CONSOB REGULATION 11971 DATED MAY 14, 1999, WITH AMENDMENTS AND ADDITIONS

1. We, the undersigned, Giovanni Ferigo, as Chief Executive Officer, and Diego Galli, as Manager responsible for preparing Infrastrutture Wireless Italiane S.p.A. financial reports, certify, having also considered the provisions of art. 154-bis, paragraphs 3 and 4, of Legislative Decree 58 of February 24, 1998:
   - the adequacy in relation to the characteristics of the company and
   - the effective application

of the administrative and accounting procedures used in the preparation of the financial statements for the period January 1 – December 31, 2021.

2. Infrastrutture Wireless Italiane S.p.A. has adopted the Internal Control – Integrated Framework Model (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission, as its framework for the establishment and assessment of its internal control system, with particular reference to the internal controls for the preparation of the financial statements.

3. The undersigned also certify that:
   3.1. the financial statements at December 31, 2021
      a) are prepared in conformity with international accounting principles adopted by the European Union pursuant to EC regulation 1606/2002 of the European Parliament and Council of July 19, 2002 (International Financial Reporting Standards – IFRS) as well as the legislative and prescribed provisions in force in Italy also with reference to the measures enacted for the implementation of art. 9 of Legislative Decree 38 of February 28, 2005;
      b) correspond to the results of the accounting records and entries;
      c) provide a true and fair view of the financial condition, the results of operations and the cash flows of the Company;

   3.2. the report includes a reliable analysis of the operating performance and income and financial situation of the issuer, along with the description of the main risks and uncertainties to which it is exposed.

February 24, 2022

The Chief Executive Officer	The Manager responsible for preparing the Company's Financial Reports
________/signed/__________	________/signed/___________
(Giovanni Ferigo)	(Diego Galli)

INFRASTRUTTURE WIRELESS ITALIANE SPA

INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE 39/2010 AND ARTICLE 10 OF REGULATION (EU) 537/2014

FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2021

Independent auditor’s report

in accordance with article 14 of Legislative Decree 39/2010 and article 10 of Regulation (EU) 537/2014

Infrastrutture Wireless Italiane SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Infrastrutture Wireless Italiane SpA (the Company), which comprise the statement of financial position as of 31 December 2021, the separate income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2021, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and with the regulations issued to implement article 9 of Legislative Decree 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in section Auditor’s Responsibilities for the Audit of the Financial Statements of this report. We are independent of the Company based on ethic and independence regulations and standards applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	*How our audit addressed the key audit matter*
Recoverability of goodwill *Note 5 "Goodwill"* As of 31 December 2021 goodwill amounts to € 6,147 million, representing 66% of total assets and 137% of net equity. The recoverability of the carrying amount of goodwill was tested for impairment at year end, in accordance with IAS36 – Impairment of Assets. The recoverable amount of goodwill is based on the fair value less cost of disposal of the group of cash generating units (CGU) to which goodwill is allocated. The fair value less cost of disposal is based on the quoted market price of the Company shares, adjusted by the estimated fair value of the assets and liabilities not directly attributable to the group of CGU. The recoverable amount of the group of CGU is compared with its carrying amount, composed of assets and liabilities attributable to the CGU, including goodwill. The recoverability of goodwill represented a key audit matter considering the magnitude of its carrying amount, the contribution to total assets and net equity and the professional judgement required in assessing how goodwill was allocated to the CGU.	 We have performed an understanding and evaluation of the internal control system over the impairment test of goodwill. We have performed the following audit procedures: • assessment of the adequacy of the impairment testing process in accordance with the requirements of the accounting standard; • assessment of the allocation of goodwill to the cash generating units – CGU; • assessment of the key assumptions used when determining the fair value, based on quoted market price; • assessment of the accuracy of the carrying amount of assets and liabilities attributable to the group of CGU to which the goodwill is allocated; • testing the mathematical accuracy of the calculation model used. We have assessed the accuracy and completeness of the disclosure presented in the notes to the financial statements.

Key Audit Matter	*How our audit addressed the key audit matter*
Accounting for lease agreements in accordance with IFRS16 - Leases *Note 8 “Right of use on third-party assets” and note 15 “Financial liabilities”*	
IFRS16 requires the lessee to recognise, with limited exceptions, a right-of-use asset within non-current assets against the recognition of a financial liability measured as the present value of future lease payments. The right-of-use asset is depreciated over the lease term, through income statement. The financial liability is repaid through future lease payments, including interest expenses. As of 31 December 2021, the total amount of right-of-use assets and the associated financial liability recognized in accordance with IFRS16 is € 1,078 million and € 982 million, respectively. Annual depreciation and interest expenses amount to € 179 million and € 25 million, respectively. The accounting for lease agreements under IFRS16 represented a key audit matter considering their significance in the financial statements and the professional judgement required for the assessment of the accounting policies and assumptions used by management.	We have performed an understanding and evaluation of the internal control system over the management of lease agreements where the Company acts as a lessee. We have performed an understanding and evaluation of the accounting policies and assumptions used by management in the accounting for lease agreements, in accordance with IFRS16. We have performed control testing over the portfolio of lease agreements where the Company acts as a lessee, to verify the information flow processed by the accounting systems and the key assumptions used by management for the recognition and measurement of lease agreements in accordance with IFRS16. We have performed control testing and test of details – on a sample baisis – on the key elements of the lease agreements and main assumptions, with particular reference to the calculation of the lease term, the effect of potential options to extend the lease and the rate to discount the liability, used for the recognition and measurement of the lease assets and liabilities, including the depreciation of the period. We have verified the accuracy and completeness of the disclosure presented in the notes to the financial statements.

Key Audit Matter	*How our audit addressed the key audit matter*
Revenues from Master Service Agreement with TIM SpA *Note 19 "Revenues"*	
Annual revenues for 2021 amount to € 785 million, of which 88% or € 687 million generated from TIM SpA and Vodafone Italia SpA. Revenues from TIM SpA and Vodafone Italia SpA relate to different types of service rendered by the Company and are mainly regulated by the Master Service Agreements in place in 2021. The Master Service Agreements are complex agreements, containing several performance obligations, such as lease of tower space, power supply, air conditioning, backup systems, monitoring, security, asset management and maintenance services, guarantees and other minor services. The recognition of revenues derived from the Master Service Agreements represented a key audit matter considering the magnitude and the complexity of the agreements, the different type of services rendered to TIM SpA and Vodafone Italia SpA and the degree of judgement to be used in revenue recognition.	We have performed an understanding and evaluation of internal control system over the identification of performance obligations associated with the Master Service Agreements. We have verified the revenue recognition for the different performance obligations, also based on their stage of completion. We obtained written confirmation of amounts due from TIM SpA and Vodafone Italia SpA. We have assessed the accuracy and completeness of the disclosure presented in the notes to the financial statements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and with the regulations issued to implement article 9 of Legislative Decree 38/2005 and, in the terms prescribed by law, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Management is responsible for assessing the Company ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, management uses the going concern basis of accounting unless management intends either to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing, in the terms prescribed by law, the Company financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional scepticism throughout the audit.

Furthermore:

- we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; we design and perform audit procedures responsive to those risks; we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company internal control;
- we evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- we conclude on the appropriateness of management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists

related to events or conditions that may cast significant doubt on the Company ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- we evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that are of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report.

Additional Disclosures required by Article 10 of Regulation (EU) 537/2014

We were appointed by the shareholders of Infrastrutture Wireless Italiane SpA at the general meeting held on 23 February 2015 to perform the audit of the Company's financial statements for the years ending 31 December 2015 through 31 December 2023.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) 537/2014 and that we remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to those charged with governance, in their capacity as audit committee, prepared in accordance with article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The directors of Infrastrutture Wireless Italiane SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the financial statements, to be included in the annual report.
We have performed the procedures specified in auditing standard (SA Italia) 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Commission Delegated Regulation.

In our opinion, the financial statements have been prepared in XHTML format in compliance with the provisions of the Commission Delegated Regulation.

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree 39/2010 and Article 123-bis, paragraph 4, of Legislative Decree 58/1998

Management of Infrastrutture Wireless Italiane SpA is responsible for preparing a report on operations and a report on corporate governance and ownership structure of Infrastrutture Wireless Italiane SpA as of 31 December 2021, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) 720B to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree 58/1998, with the financial statements of Infrastrutture Wireless Italiane SpA as of 31 December 2021 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Infrastrutture Wireless Italiane SpA as of 31 December 2021 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree 39/2010, issued on the basis of our knowledge and understanding of the Company obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree 254/2016

Management is responsible for the preparation, on a voluntary basis, of the non-financial disclosure in accordance with article 7 of Legislative Decree 254/2016. We have verified that management approved the non-financial disclosure.

In accordance with article 3, paragraph 10, of Legislative Decree 254/2016, the non-financial disclosure is subject to separate audit reporting by our firm.

Milan, 15 March 2022

PricewaterhouseCoopers SpA

Signed by

Paolo Caccini
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

Other Information

This document has been translated into English for the convenience of the readers.

In the event of discrepancy, the Italian language version prevails

REPORT BY THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING OF INFRASTRUTTURE WIRELESS ITALIANE S.P.A. PURSUANT TO ART. 153 OF ITALIAN LEGISLATIVE DECREE 58/1998

Dear Shareholders,

Infrastrutture Wireless Italiane S.p.A ("INWIT" or the "Company") operates in Italy in the electronic communications infrastructure sector, and specifically infrastructure hosting equipment for radio broadcasting, telecommunications, and television and radio signal broadcasting.

INWIT commenced operations on 1 April 2015, the effective date of the transfer of the "Tower" business unit of Telecom Italia S.p.A. ("Telecom Italia" or also "TIM") with its main business relating to the implementation and operation of the passive infrastructure of the sites, generally consisting of civil structures (such as towers, pylons and masts) and technological systems, required to host the transponder equipment owned by mobile operators.

In this context, following the merger with Vodafone Towers and the resulting growth in terms of both size and from a strategic perspective, INWIT is now the leading Italian Tower Operator in terms of number of sites operated, with a particular focus on mobile services.

During the course of the financial year ending 31 December 2021, INWIT's Board of Statutory Auditors, appointed by the Shareholders' Meeting of 20 April 2021, performed its supervisory activities as required by law, also taking into account of the Rules of Conduct for the Board of Statutory Auditors recommended by the National Board of Chartered Accountants and Accounting Experts, and by CONSOB notices regarding corporate controls and the activities of the Board of Statutory Auditors.

The Board of Statutory Auditors therefore reports that, during the year ending 31 December 2021, it systematically acquired the information needed to perform its functions both by attending meetings of the Board of Directors, the Control and Risk Committee, the Related Parties Committee, the Nomination and Remuneration Committee and the Sustainability Committee, and through interviews with managers and representatives of company departments, documentation analysis and inspection activities.

The Delegated Bodies reported at least quarterly on business conducted, on major financial and economic transactions, on transactions entailing possible conflicts of interest, on any atypical or unusual transactions, and on any other business or transaction that it was deemed ought to be disclosed.

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1. In 2021, the Board of Statutory Auditors, based on the information received and the specific analyses conducted, monitored and supervised the final stages of the merger by incorporation of Vodafone Towers S.r.l. into INWIT.
   This incorporation, which was completed on 31 March 2020, was a major economic and financial transaction, qualifying as a transaction of greater importance with a related party (RPT of greater importance pursuant to CONSOB Regulation no. 17221 of 12 March 2010). As part of INWIT's Euro Medium Term Note Programme (EMTN) of 3,000 million euros, in April 2021 the Company issued a further bond for a par value of 500 million euros with maturity in 2031, thereby bringing the overall value of the bonds issued to 2,250 million euros (the previous issues, completed in 2020, amounted to 1,000 million euros with maturity in 2026 and 750 million euros, with maturity in 2028).
   It is acknowledged that in 2021 the Company completed the acquisition from Vodafone Italia of a business branch made up of around 700 antenna systems covering 1,000 km of road and motorway tunnels, along with 42 DAS systems. The acquisition, qualifying as a related party transaction of lesser importance, was approved by the Board of Directors on 29 July 2021.
   With reference to the health emergency that continued throughout 2021, the Board of Statutory Auditors has continued to monitor the company's adoption of appropriate measures to safeguard the health and safety of workers. Additionally, over the period, it intensified information flows on such aspect with the Management and the auditing firm; as a result of said activity, the Board of Statutory Auditors also took note of the fact that the company has mapped the risks associated with Covid-19 assessing the occurrence of events subject to such risks as having a low probability of occurrence, given the industrial sector to which it belongs, as illustrated in the "Directors' Report" contained in the 2021 Annual Financial Report, under the heading "Business Outlook for the year 2022". To date, as indicated in the said Report, no negative impact on the economic results has been recorded that could generate losses in economic-financial performance or delays in the company's strategic planning.
   Moreover, with reference to the conflict in Ukraine, the Board of Statutory Auditors took due note that the Company set out its assessments of the foreseeable impacts of these events in the 2021 Annual Financial Report, in note 30 "Events Subsequent to 31 December 2021"; in particular, the Company reported that no effects on the financial statements as at 31 December 2021 or on the Company's foreseeable business outlook or any significant impacts on the business linked to such events have been detected.
   The Board of Statutory Auditors also monitored the path, which the Company embarked on last year, to integrate sustainability into the corporate strategies with the aim of generating value from a long-term perspective and contributing to the growth, improvement and social and economic development of the communities in which the company operates and of the players that make up its value chain. Within the scope of this path, the Board of Statutory Auditors took due note that the Company had obtained a better ESG rating: CDP Climate Change, MSCI,

Sustainalytics, Refinitiv, FTSE Russel and Glio/Gresb.

2. With regard to transactions that could potentially constitute a conflict of interest, the Directors, when commenting on the individual items set out in the financial statements, indicate and illustrate the principal related party transactions; reference should therefore be made to these sections for a description of the characteristics of the transactions and their economic effects.
   As regards related party transactions, the Board of Statutory Auditors reports that, in accordance with CONSOB's regulatory provisions contained in resolution no. 17221 of 12 March 2010 (and subsequent amendments and supplements), the Company adopted a specific procedure as of 18 May 2015 (subject to various updates over time). The procedure is briefly illustrated in the "2021 Report on Corporate Governance and Share Ownership of Infrastrutture Wireless Italiane S.p.A", to which reference should be made. It should also be noted that said procedure was last updated on 13 May 2021 so as to implement the changes to the CONSOB Regulation on the matter, adopted by Consob Resolution no. 21624 of 10 December 2020 (the procedure, in the updated version in force from 1 July 2021, is published on the company website www.inwit.it).
   The Board of Statutory Auditors has monitored the compliance of the procedures adopted with the principles established by CONSOB, together with actual observance thereof, and, with reference to related party transactions of an ordinary nature, and has no observations to make regarding their compliance and consistency with the Company's interests.

3. The Board of Statutory Auditors deems that the information provided by the directors in the Notes to the Financial statements of Infrastrutture Wireless Italiane S.p.A. regarding related party transactions, is adequate.

4. On 15 March 2022, the independent auditors PricewaterhouseCoopers S.p.A. issued its report pursuant to art. 14 of Legislative Decree no. 39 of 27 January 2010 and in accordance with the provisions of art. 10 of EU Regulation no. 537/2014, which certifies that the financial statements for the year ending 31 December 2021 provide a true and fair view of the Company's financial position for the year ended on that date, of the results of operations and cash flows, in accordance with the International Financial Reporting Standards adopted by the European Union and the measures issued in implementation of art. 9 of Legislative Decree no. 38/2005. The report indicates - as required by legislation - the key aspects of the audit as follows: the recoverability of the goodwill, the accounting of the leasing contract payables according to the international accounting standard IFRS 16 - Leasing, the revenues deriving from the Master Service Agreements with TIM S.p.A. and Vodafone Italia S.p.A. The aforementioned report does not contain any disclosure requirements. The independent auditors also believe that the directors' report and some specific items of information in the Report on Corporate Governance and Share Ownership indicated in art. 123-bis, subsection 4, of the CLF are consistent with the financial statements of the Company as at 31 December 2021 and drawn up in compliance with the law.

5. On 19 April 2021, a report pursuant to art. 2408 of the Italian Civil Code was submitted to the Board of Statutory Auditors, through the Head of Legal & Corporate Affairs, by a shareholder, holder of 1 share, regarding INWIT's

alleged *"lack of response to numerous pre-meeting questions on the 2020 financial statements"*. The Board acknowledged this during the shareholders' meeting held on 20 April 2021, furthermore confirming it in the CONSOB form on the approval of the financial statements for 2020, reserving the right to carry out the appropriate in-depth investigation, after which it did not deem there were any elements for censure. No further reports have been received up to the date of preparing this Report.

6. During the course of 2021, and up to the date of drafting of this Report, the Board of Statutory Auditors, has not received any complaints.

7. With regard to the financial year 2021, the Company assigned PricewaterhouseCoopers S.p.A.- in addition to the institutional tasks of external audit on the annual financial statements, the half-yearly report and the reporting package - the tasks of: limited review of the Non-financial Individual Declaration for the financial years 2021, 2022 and 2023, drawn up by the Company, on a voluntary basis, pursuant to Legislative Decree no. 254 of 30 December 2016, for an annual fee of 20,000 euros; issue of the two comfort letters relating to the Euro Medium Term Note bond programme (March and September 2021) for a total fee of 95,000 euros. The above amounts are net of VAT and out-of-pocket expenses incurred for the performance of the appointment.
   Following a request from the independent auditors to adjust their fees relating to the appointment for the legal audit of the financial statements for the years 2015-2023, taking into account the increase of audit activities resulting from (i) the implementation and migration of data to the Company's new ERP system (which has led, for the year 2021, to an increase of the effort required to carry out the audit of the financial statements) and (ii) the issue, for the years 2021, 2022 and 2023, of an opinion on the compliance of the draft financial statements with the ESEF Regulations, based on a specific auditing standard (as required by art. 154 ter of the CLF, as amended by Law no. 238 of 23.12.2021), the Board of Statutory Auditors carried out an in-depth preliminary investigation, at the end of which it submitted its reasoned proposal to the Shareholders' Meeting, to which reference should be made.

8. The Board of Statutory Auditors monitored the independence of the Independent Auditors; the same company issued, on 15 March 2022, the annual statement of its independence, pursuant to art. 6, paragraph 2) a) of EU Regulation no. 537/2014 and paragraph 17 of ISA Italia 260.

9. On 24 February 2022, the Board of Statutory Auditors issued its opinion to the Board of Directors, pursuant to art. 2389, subsection 3 of the Italian Civil Code, on the Chief Executive Officer’s variable remuneration for 2021, also in relation to the application of the LTI Plan as it pertains to the Chief Executive Officer himself.
   Pursuant to the Corporate Governance Code, the Board of Statutory Auditors was consulted within the scope of the definition of the parameters underlying the achievement of the performance objectives for the variable remuneration of the Head of the Audit Department.

10. As stated in the "Report on Corporate Governance and Share Ownership for the year 2021 of Infrastrutture Wireless Italiane S.p.A.", in 2021, the Company's Board of Directors held 11 meetings; the Control and Risk

Committee held 11 meetings; the Nomination and Remuneration Committee held 9 meetings; the Related Parties Committee held 13 meetings; and the Sustainability Committee held 7 meetings. In addition, in 2021, two meetings for all the Independent Directors were held.

The Board of Statutory Auditors met 27 times in 2021, (11 of which jointly with the Control and Risk Committee). In addition, in 2021 the Board participated, with the attendance of at last one member, in:

(i) one shareholders' meeting;

(ii) all the meetings of the Board of Directors;

(iii) all the meetings of the Control and Risk Committee, the Nomination and Remuneration Committee, the Related Parties Committee and the Sustainability Committee;

(iv) the engagement meeting requested by Assogestioni, with the representatives of some asset management companies.

It should also be noted that, starting from 5 May 2020 and until the approval of the financial statements as at 31 December 2022, a Supervisory Body is in office, pursuant to subsection 1, letter b) of art. 6 of Legislative Decree 231/2001 (in short "SB"), on which a member of the Board of Statutory Auditors has been called on to serve, upon its establishment, in order to ensure a systematic exchange of information with the Control Body. In the course of 2021, the composition of the SB changed and as of 26 April 2021, it is composed of the Chairman (external member) and the Head of the Audit Department (internal member), as well as of two Standing Auditors.

Over the year the Board of Statutory Auditors met the Supervisory Body so as to mutually exchange information.

11. The Board of Statutory Auditors has noted and monitored - insofar as within its remit - due compliance with the principles of correct administration: through attendance of the meetings of the Board of Directors and of the various Committees; by gathering information from the Chief Executive Officer, the Company's management, the head of the Audit Department, the executive responsible for preparing the corporate accounting documents, the Head of the Risk & Compliance Department and the other second-level control departments, as well as through meetings with the aforesaid parties and with the representatives of the independent auditors PricewaterhouseCoopers S.p.A., for the purpose of the mutual exchange of relevant information and data and, as a result of the above activities, has no comments to make on the matter.

The Board of Statutory Auditors supervised compliance with the law and the Company Bylaws. Specifically, as regards the Board of Directors' resolution procedures, the Board of Statutory Auditors has ascertained, also by attending the Board of Directors' meetings, that the Directors' decisions comply with law and with the Company Bylaws, and has verified that the corresponding resolutions were appropriately accompanied by information, analyses, verification and discussion, and also, when necessary, by recourse to consultation with the committees and with external consultants. The Board of Statutory Auditors has also verified, as far as known, that the Directors have submitted the declarations required by art. 2391 of the Italian Civil Code.

12. Pursuant to INWIT's Corporate Governance Principles, the Board of Directors provides strategic supervision and guidance, pursuing the sustainable success of the Company. Specifically, the Board of Directors defines the most functional corporate governance system for carrying out the company's business and pursuing its strategies. Its

primary objective is to create value for shareholders in the long-term, while also taking into account the legitimate interests of the other relevant stakeholders and facilitating dialogue with them.
In order to implement its decisions and manage the Company's business, the Board of Directors, in compliance with the limits established by law and the Company Bylaws, may delegate the appropriate powers to one or more directors, who report to the Board of Directors and to the Board of Statutory Auditors - promptly and at least on a quarterly basis - on the activities they perform, on the Company's general performance, its foreseeable development and its major financial or economic transactions.
The Shareholders' Meeting of 20 March 2020 appointed the current Board of Directors, which took office on 31 March 2020, the date on which the merger of Vodafone Towers into INWIT came into effect. Since that date, the office of Chairman has been held by Emanuele Tournon, who has been granted legal representation and powers of attorney. The office of Chief Executive Officer (and General Manager) remains vested in Giovanni Ferigo. The Shareholders' Meeting held on 20 April 2021 confirmed as directors of the company (with a term until the approval of the financial statements for the year ending 31 December 2022) Giovanna Bellezza (non-executive director) and Rosario Mazza (independent director), who had already been co-opted by the Board of Directors on 2 October 2020 to replace Carlo Nardello and Filomena Passeggio, respectively.
Again with effect from 31 March 2020, the Chief Executive Officer was granted - in addition to the legal representation of the Company - all powers necessary to carry out, with separate signature, the Company's ordinary business in its various manifestations, except for those powers reserved to the Board of Directors by law or by the Company Bylaws; responsibility for the ordinary management and overall governance of the Company, including responsibility for market disclosures and the responsibility for defining, proposing to the Board of Directors and then implementing and developing the strategic, industrial and financial plans. In implementing the policies laid down by the Board of Directors, the said party is responsible for defining the internal control system, ensuring its adaptation to changes in the operational environment and in the applicable laws and regulations.
The company has adopted an organisational model that provides for monitoring the main activities required for the management, control and development of the Company's business. Based on this model, at the date of this Report, the following departments report to the Chief Executive Officer:

- *Marketing & Sales*;
- *Technology & Operations*;
- *Administration, Finance & Control*;
- *Legal & Corporate Affairs*;
- *Human Resources*;
- *External Relations, Communication & Sustainability*.

The Legal & Corporate Affairs department, through the Risk & Compliance division, manages obligations relative to compliance and regulatory matters.
The role of Executive Responsible is entrusted to the Head of the Administration, Finance & Control department Diego Galli.
The Audit department, which reports directly to the Board of Directors, is headed by Laura Trucco.

The Board of Statutory Auditors, insofar as within its remit, has acquired information regarding the Company's chosen organisational structure, and its implementation and development; it has also monitored the dynamic adequacy of the organisational structure and its operation, bearing in mind the Company's objectives and has no comments to make on the matter as a result of such activities.

13. The Board of Statutory Auditors has monitored the implementation and correct functioning of the Company's internal control and risk management system (hereinafter, for the sake of brevity: the internal control system), assessing its ongoing adequacy through: (i) meetings with the Control and Risks Committee; (ii) regular meetings with the Heads of the Audit Department, the Legal Department - which, as mentioned, also monitors questions of compliance - and with the executive responsible for preparing the corporate accounting documents; (iii) regular meetings with the heads of other company departments; and (iv) acquisition of documentation.
These periodic meetings were aimed, inter alia, at examining the activities carried out by such departments, risk mapping and verification programmes, also in the light of the significant dimensional, procedural and organisational evolution of the company.
The Board of Statutory Auditors has also examined the periodic reports of the Control and Risk Committee and of the Head of the Audit Department, in particular the audits in the various areas of the company on the functioning of the internal control system.
The Board of Statutory Auditors has also systematically met with the appointed Independent Auditors so as to periodically exchange information between the various Control Bodies.
The internal control system is organised and operates according to the principles and criteria set out in the Corporate Governance Code. It is an integral part of the general organisational structure of the Company and involves various players operating in a coordinated manner according to their respective responsibilities of: (i) strategic guidance and supervision by the Board of Directors; (ii) monitoring and managing the Company's operations by the Chief Executive Officer and management; (iii) monitoring role and provision of support to the Board of Directors by the Control and Risks Committee and the Head of the Audit Department; and (iv) supervision by the Board of Statutory Auditors.
The setting up and maintenance of the internal control system are assigned to the Chief Executive Officer and to the Executive responsible for preparing the corporate accounting documents, each within their remit, so as to ensure the overall adequacy of the system and its practical functioning, in a risk-based perspective, which is also taken into account when determining the agenda for the Board meetings.
In accordance with the Corporate Governance Principles which the Company has adopted, in exercising its responsibility for the internal control and risk management system, the Board of Directors also avails of the Audit Department, which has its own independent organisation and sufficient resources to carry out its own activities. Specifically, in 2021, the Audit Department availed also of two leading independent consulting firms to perform its activities.
With specific reference to the structure of the internal control system, the Board of Statutory Auditors also acknowledged the process implemented by the Company, in line with reference best practices, which has developed INWIT's approach to risk management and compliance from a "traditional" model into an integrated

approach - coordinated by a single department head - from a methodological and organisational perspective, also in order to strengthen and internalise the second level control activities.

For further details of the internal control system, see the “Report on Corporate Governance and Share Ownership of Infrastrutture Wireless Italiane S.p.A in the financial year 2021”.

The Board of Statutory Auditors has acknowledged the overall evaluation of the internal control and risk management system by the Head of the Audit Department and the Control and Risk Committee.

The Board of Statutory Auditors deems the internal control and risk management system to be generally adequate. In particular, the Board of Statutory Auditors monitored the actions put in place by the Company, with a view to evolution, to strengthen the internal control system and recommended that it continue on this path.

On 4 March 2021, the Board of Directors approved the Company’s new Organisational Model, also taking into account, *inter alia*, the changed organisational structure, the update to the processes and the sensitive activities potentially exposed to the risk of crime, in compliance with the regulations currently in force. Among the changes are the transposition of the cases introduced by Decree Law No. 105/2019 (as converted by Law No. 133 of 18 November 2019) regarding the national cybersecurity perimeter and the consequent updating of the principles of conduct and control standards.

14. The Board of Statutory Auditors – also in its capacity as Internal Control and Audit Committee - has evaluated and monitored the adequacy of the administrative-accounting system and its capacity to reliably and correctly represent operations, by obtaining information from the heads of the company departments concerned, examining documents and monitoring activities and by analysing the results of the work carried out by the independent auditors PricewaterhouseCoopers S.p.A. and has no comments to make on the matter as a result of these activities.

The Board of Statutory Auditors has acknowledged the statements issued by the Chief Executive Officer and by the executive responsible for preparing the corporate accounting documents, with regard to the adequacy - in relation to the Company’s nature - and the actual application in 2021, of the administrative and accounting procedures required for the drafting of the statutory financial statements, including therein the compliance of the 2021 Annual Financial Report with the XHTML format envisaged by the ESEF Regulation (EU Regulation 2019/815).

With regard to the question of the impairment testing of goodwill and of assets with an undefined useful life, in accordance with international accounting standards, the Board of Statutory Auditors has monitored (i) the adoption and periodic updating by the Board of Directors of a specific procedure, and subsequently (ii) the results of the tests conducted in this regard by the management, which confirmed the recoverable nature of the same.

On 15 March 2022, the Independent Auditors issued the additional Report pursuant to Article 11 of EU Regulation no. 537/2014, which failed to identify any significant inadequacies in the internal control system with regard to the financial reporting process, which are sufficiently important to merit being brought to the attention of the undersigned Board of Statutory Auditors.

The Board of Statutory Auditors also supervised preparation by the Company of the Individual Non-Financial Statement, prepared by the same for the fourth year on a voluntary basis. For the second time, the Company has prepared the Integrated Report containing the Non-Financial Statement for 2021. In this regard, the company PricewaterhouseCoopers has been appointed to carry out, on the basis of such statement, the limited assurance engagement test, following which, on 15 March 2022 it issued its report pursuant to art. 3, subsection 10, Legislative Decree no. 254/2016 and art. 5 of CONSOB Regulation no. 20267/2018. In this report, the independent auditors concluded, on the basis of the work carried out, that no evidence had come to their attention that the Non-Financial Statement had not been prepared, in all significant respects, in accordance with the requirements of art. 3 of the aforementioned decree and the selected GRI Standards, as described in the "Methodological Note" section of said Non-Financial Statement.

The Board of Statutory Auditors has examined PricewaterhouseCoopers' report on the matter and monitored compliance with the provisions of Legislative Decree no. 254/2016.

15. The Board of Statutory Auditors found that the obligation under art. 114, subsection 2 of Italian Legislative Decree no. 58/1998 does not apply since the Company held no equity in other companies as at 31 December 2021.

16. The Board of Statutory Auditors has ascertained, by means of direct audits and information received from the independent auditors PricewaterhouseCoopers S.p.A., that the regulations and laws governing the formation and arrangement of the financial statements and the Directors' Report have been duly observed.

17. The Company adhered to the Corporate Governance Code (version 2020) drafted by the Corporate Governance Committee of Borsa Italiana, by resolution of the Board of Directors dated 4 February 2021.

18. The Board of Statutory Auditors has monitored the assessment of the requirements and correct application of the independence criteria of the Directors, also taking into account the qualitative and quantitative criteria approved and defined by the Board of Directors for the purposes of assessing independence. The same control body verified the independence requirements of its members, pursuant to art. 148, subsection 3, of Legislative Decree No. 58/1998, and this year too carried out a self-assessment process, supported for the second year by Russell Reynolds, completed on 15 February 2022 and concerning inter alia, the functioning of the body itself. It was also verified that the members of the Board of Statutory Auditors collectively possessed the skills in the sector in which the Company operates, pursuant to art. 19 of Legislative Decree 39/2010.

For further information regarding the Company's Corporate Governance, see the "Report on Corporate Governance and Share Ownership of Infrastrutture Wireless Italiane S.p.A in the financial year 2021".

The Board of Statutory Auditors has verified that the aforesaid Report offers full information regarding the manner in which the Company has adopted and implemented the recommendations of the Corporate Governance Code.

In addition, the Board of Statutory Auditors has verified that the Report on the Remuneration Policy 2022 and the remuneration paid, prepared in accordance with art. 123-ter of Legislative Decree No. 58/1998 and approved by the Board of Directors on 24 February 2022, was prepared in accordance with regulatory provisions and provides adequate information on the Company's remuneration policy and the remuneration paid during the year. This Report, as did that of the previous financial year, also takes into account the amendments made, pursuant to CONSOB Resolution No. 21623 of 10 December 2020, to art. 84-quater and Schedule No. 7-bis of Annex 3A to the Issuers' Regulations, following the transposition of Directive (EU) 2017/828 on the encouragement of long-term shareholder engagement (SHRD II).

19. The Board of Statutory Auditors' supervisory and auditing activities did not reveal any significant facts that need to be reported or mentioned in this Report.

20. The Board of Statutory Auditors, having acknowledged the results of the financial statements as at 31 December 2021, and bearing in mind that the Legal Reserve has reached one-fifth of the Share capital pursuant to art. 2430 of the Italian Civil Code, has no objection to make with regard to the Board of Directors' proposal to the Shareholders' Meeting, to allocate net profit for the financial year 2021, amounting to 191,395,675.59 euros, as well as distributing part of the available reserves for a total of 118,268,824.41 euros, using the entire retained earnings reserve (for 10,965.00 euros) and part of the share premium reserve (for 118,257,859.41 euros), and therefore to allocate a total of 309,664,500.00 euros, as follows:

- to the distribution to Shareholders, as a dividend, of 0.3225 euros for each of the 960,200,000 ordinary shares in circulation on the coupon date (excluding the treasury shares in the portfolio of Infrastrutture Wireless Italiane S.p.A.), gross of the withholdings required by law, with dividend coupon date of 23 May 2022, payable on 25 May 2022 and record date, pursuant to art. 83-terdecies CLF, of 24 May 2022.

Considering all the above, the Board of Statutory Auditors invites the Shareholders to approve the financial statements as at 31 December 2021 presented by the Board of Directors, together with the Directors' Report.

Moreover, with reference to the proposal to adjust the remuneration of the independent auditors relative to the external audit of the accounts, the Board of Statutory Auditors refers to the content of paragraph 7 of this Report and more specifically, to its reasoned proposal made to the Shareholders' meeting.

Milan, 15 March 2022.

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THE BOARD OF STATUTORY AUDITORS

__________/signed/___________ Mr Stefano Sarubbi

__________/signed/___________ Ms Maria Teresa Bianchi

__________/signed/___________ Mr Giuliano Foglia